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For U.S.-Soviet Summit, High Hopes, as Perceptions of 'Threats' Fade

By Serge Schmemann
New York Times Service

MOSCOW — Gone are the days when the Soviets looked on an American president as the lord of a hostile empire or a white knight to rescue Russia from its misery. But if President George Bush arrives in Moscow this week as the representative of a far more familiar land — less exotic, less threatening, less all-promising — it is still the one to reckon with.

The crude propaganda about a land of scheming imperialists, or the whispered legends of a land of untold prosperity, have long given way to "Dallas," CNN, Arnold Schwarzenegger, McDonald's and the accounts of tens of thousands of Soviet travelers and émigrés in forming images of America.

Thirty-one of the 64 movies showing in Moscow are American, from "Deadly Weapon 2" through "Dead Poets' Society," and neither the endless bounty of an American supermarket nor the misery of urban slums is a mystery anymore. Old fears have abated: No longer do people

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anxiously sidle up to Americans in the streets and ask if there will be war, or presume that every American is a spy.

"A fundamental change has come to Soviet-American relations," wrote Georgi Arbatov, head of the Institute on the U.S.A. and Canada, in Izvestia.

"Serious, honest, normal people in America have come to the conclusion that there is no 'Soviet threat' to the United States. And identically serious, honest, normal people in the U.S.S.R. have come to the conclusion that the U.S.A. does not intend to attack them or 'explode' the country from within."

Soviets and émigrés now criss-cross the Atlantic, and their many accounts and impressions have profoundly revised their adulation of American culture.

Many intellectuals return dismayed by what they see as a superficial culture and by "political correctness," militant feminism, self-conscious egalitarianism and other manifestations of what they identify with the very intellectual conformity and intolerance that they spent their lives fighting against.

Russians who have been to the United States regularly bemoan the absence of "spirituality" and anything comparable to the intensity of Soviet intellectual life.

"One Soviet woman went to an American doctor and tried to strike up a conversation about Toulouse-Lautrec," recounted Tatiana Tolstaya, a writer who spends much time in the United States. "She was shocked that he had no idea who he was.

"Our doctor typically would've known all about Toulouse-Lautrec, though he'd have only a vague idea where her liver is."

Soviets also have become far more familiar with American attitudes toward them. Moscow News, for example, carries a bemused survey of American views under the headline, "American tries to make sense of us."

"The Soviet Union is in disarray," wrote Konstantin Pleshakov. "A country Americans thought they knew well — the winter of Stalinism, mummified leaders, fighters for human rights — has all at once turned into a formidable crossword puzzle.

"Today's Soviet Union does not fit any pattern. America is accustomed to the logic of cate-

See SUMMIT, Page 4

More Summit News

In a surprise, the U.S. Senate Armed Services Committee endorsed a missile defense system.

Richard R. Burt, a U.S. expert on arms negotiations, discusses the future path of such talks.

Life on the run is what keeps Bush running.

Articles on Page 2

Soviets Ask Israel To Reply On Talks

Positive Response Mere 'Formality,' Arens Declares

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — A Soviet official pressed Israel on Sunday for an early response on whether it would attend a Middle East peace conference, and Israel's defense minister declared that a positive answer was "no more than a formality."

But prospects for negotiations between Israel and its Arab neighbors appeared to advance little.

After a cabinet meeting Sunday in Jerusalem, Religious Affairs Minister Avner Shaki said that Israel was seeking answers from the United States to "a few questions."

And Yitzhak Peretz, the immigration minister, said: "I don't believe we can at this time give a definitive answer."

Syria, Lebanon and Jordan have stated a willingness to take part in a peace conference. Israel has said it is willing "in principle," but has raised procedural questions.

Moshe Arens, the defense minister, said in a U.S. television interview Sunday that Israel's positive answer was "no more than a formality," but he did not directly answer when asked when that response might come.

"We're very close to a general agreement that would allow the initial meeting to take place," he said.

President George Bush said Sunday that the White House had yet to receive an official response from the Israeli prime minister, Yitzhak Shamir.

"I heard that Arens was very upbeat, and we view that as positive, but there has been no official word from Mr. Shamir yet," the president said before playing golf Sunday afternoon.

Unresolved is the issue of whether residents of Israeli-occupied East Jerusalem and members of the Palestine Liberation Organization would be allowed to sit on a joint peace delegation representing Jordan and the Palestinians.

Israel, which claims all of Jerusalem as its capital and rejects PLO and East Jerusalem representation, is reportedly waiting for Washington to deliver a list of the Palestinians who will take part.

In Moscow, Vitali I. Churkin, a Foreign Ministry spokesman said in a CNN interview that "it would be in Israel's best interest" to agree to the peace talks before the sum-

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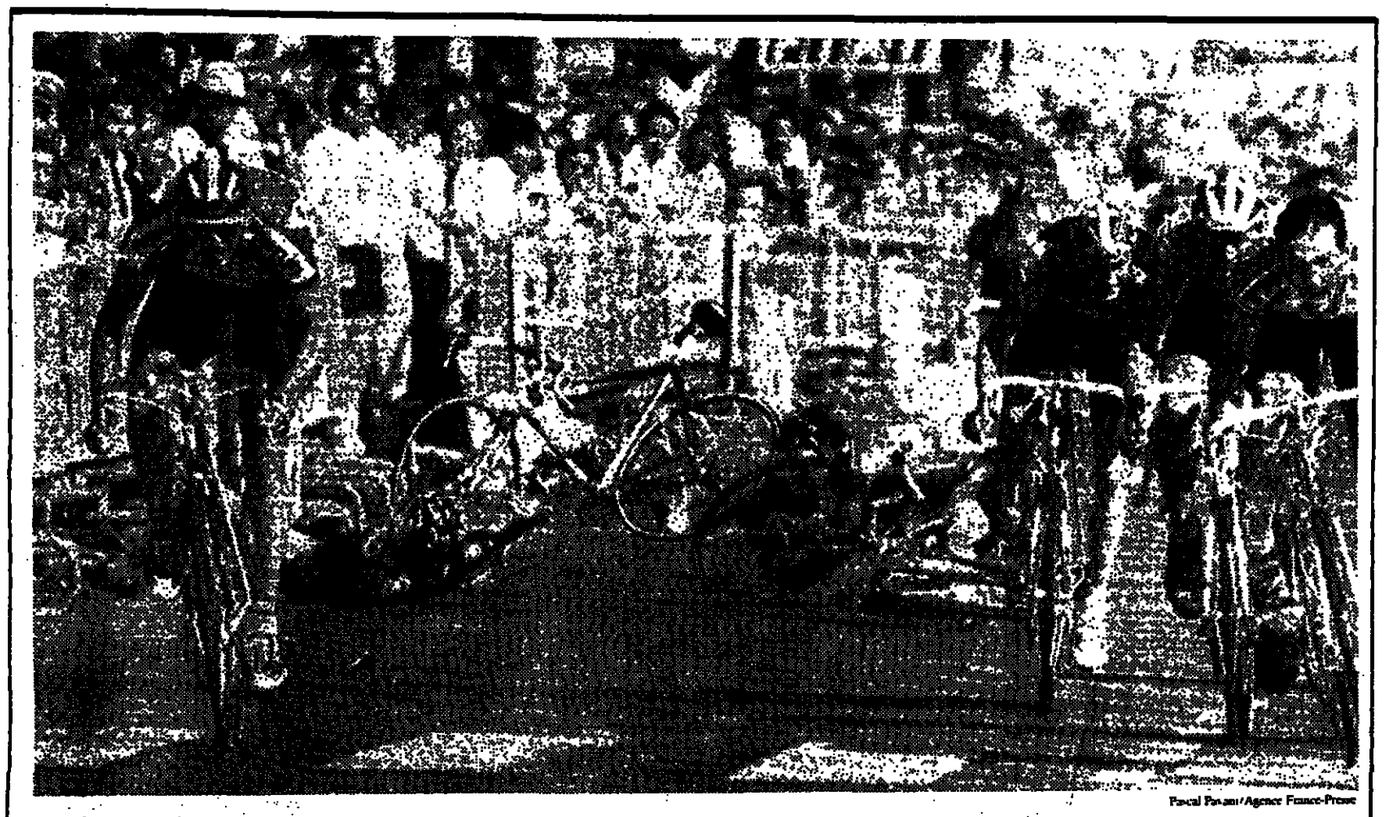

Pascal Pavani/Agence France-Presse

Miguel Indurain of Spain Wins the Tour de France

Dmitri Konichev, far right, a Soviet rider with the Dutch TVM team, crossing the finish line Sunday on the Champs-Elysées in Paris to win the final stage of the Tour de France. Three riders crashed in the sprint, and one broke his collarbone. Miguel Indurain of Spain, not shown, who had led since July 19, won the Tour. Page 12.

Assad and Shamir: Mideast's Foxes

What Are Their Real Intentions?

By Jackson Diehl
Washington Post Service

JERUSALEM — As Israelis consider the momentous prospect of a Middle East peace conference, two of the most intriguing and debated questions of the region's recent history have taken center stage: What are the real intentions of Hafez Assad of Syria, or of Yitzhak Shamir of Israel?

Both the president and the prime minister have publicly professed willingness to open direct negotiations between their countries for the first time in 43 years of conflict. Yet, more than any two other politicians in the Middle East, these tough and enigmatic men are renowned for their mastery of shrewd tactical maneuvering and penchant for disguising their true aims.

If both Mr. Assad and Mr. Shamir are actually interested in pursuing a settlement, Israeli diplomats and experts are saying, there is a reasonable chance that the peace conference that the Bush administration is trying to arrange could produce real breakthroughs, in spite of the seeming impasse between Israel and its neighbors over the disposition of Israeli-occupied Arab territories.

Yet, for every diplomat here who sketches such an optimistic scenario, there is an expert who believes that either Mr. Assad, or Mr. Shamir — or both — is bluffing. Rather than preparing to deal with each

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other, this theory goes, the two veteran adversaries are engaged in a subtle and cynical contest for U.S. favor, in which the goal is to pin the other with the tag of blame for the eventual breakdown of a peace process that neither seriously intends to engage in.

"If either Shamir or Assad is bluffing, one of them will have to lay down their cards before the peace conference starts," said a senior Israeli source, who conceded that he did not know for sure what either man was thinking. "Once the conference starts, no one will be able to walk away. The stakes will be too high."

For now, Israeli sources contend that if Mr. Assad merely hopes to corner Mr. Shamir by agreeing to the U.S. formula for the peace conference then the former Israeli underground fighter and spymaster

See ISRAEL, Page 4

Kiosk

Peace Gesture In Madagascar

ANTANANARIVO, Madagascar (AP) — In his first concession after seven weeks of pro-democracy demonstrations, President Didier Ratsiraka said Sunday he would dismiss his Cabinet and open talks with the opponents seeking his removal.

He also offered to study the possibility of replacing the Socialist constitution.

"I extend you my hand," Mr. Ratsiraka said in a radio address. "Come, I am ready for dialogue to put the country right again." The address came a day after the opposition's self-declared prime minister, Albert Zafy, was arrested.

Indian Units Kill 11

SRINAGAR, India (AP) — Federal security forces killed 11 Muslim separatists and arrested 47 on Sunday, the police said. The clashes took place at several sites, including Srinagar, capital of Jammu-Kashmir State and the center of a secessionist movement.

General News

Another Gorbachev adviser, Alexander Yakovlev, is quitting. Page 2.

The confessed Milwaukee killer is recalled as bright but moody and a racist. Page 5.

Business/Finance

Royal Dutch/Shell is studying a potential $2.5 billion oil venture in China. Page 7.

Helmut Kohl played down inflation fears. Page 7.

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U.S. Confers With Allies on Possible Steps to Topple Saddam

By Patrick E. Tyler
New York Times Service

WASHINGTON — Nearly a year after Iraq's invasion of Kuwait, the United States is consulting with its allies on new steps to bring down President Saddam Hussein and pave the way for a successor government in Baghdad.

But holding together the international alliance that defeated Mr. Saddam's army on the battlefield is proving to be a formidable task at times, officials involved in the management of Iraq policy said.

For instance, as the deadline passed Thursday for Iraq to make full disclosure of its nuclear, chemical and biological weapons programs, the Pentagon was briefing important allies on plans to bomb the remnants of Iraq's secret weapons installations.

But instead of consensus, a number of allies voiced reservations or opposition, which will have to be overcome should the president decide to use military force, several officials said.

[President George Bush said Sunday that Mr. Saddam would be making "an enormous mistake" if Baghdad failed to reveal all its nuclear capabilities, Reuters reported.

["We are talking to our other friends and allies about this," Mr. Bush said in discussing the use of force.

["There are mixed degrees of enthusiasm, or lack of enthusiasm, but I think there is unanimity that this lying and secreting of material must stop."]

Britain allowed the exporting of nuclear materials to Iraq for three years. Page 5.

President Hosni Mubarak of Egypt has expressed deep concerns about any further bombing in Iraq, U.S. and Egyptian officials said.

Saudi Arabia has told Washington it wants Patriot missile batteries redeployed to protect its air bases and cities from possible Iraqi retaliation should allied bombers launch new attacks from Saudi soil, U.S. and Saudi officials said.

Turkey has demanded detailed consultations on any military operations mounted from its bases, and it recently briefly interrupted U.S. reconnaissance flights over Iraq in a dispute over the allied chain of command, a U.S. official said.

And Israel has asked for 72 hours' notice of any attack to prepare its defenses and has requested its hot line to the Pentagon, dismantled this spring, be reinstalled, the official said.

As these management problems flared, U.S. military officials were briefing their British and French counterparts on preliminary American plans to bomb not only Iraqi nuclear sites, but also "leadership targets," including Mr. Saddam if his whereabouts are known, a Pentagon official said.

France, while agreeing to take part in any military operation to protect Iraqi Kurds from repression, has reserved a decision on whether to join broader punitive raids against Iraqi weapons installations, a U.S. official said.

British officials were believed to be generally supportive of Washington's plans to use force if diplomatic pressure fails.

The American plans, however, await results from a new round of inspections of Iraqi weapons installations by a United Nations team that arrived in Baghdad at the weekend. A satisfactory Iraqi accounting of its weapons of mass destruction would defer any military action for the time being, officials said.

Washington and the United Nations have charged that Iraq has failed to provide all of the information called for in the Security Council resolution ending the war.

Continuing tensions between Washington and Baghdad reflect the intensity of Washington's postwar strategy to topple Mr. Saddam as the anniversary of his seizure of Kuwait on Aug. 2, 1990, approaches.

The centerpiece of this strategy will be the maintenance of the most severe economic sanctions that Washington's coali-

See IRAQ, Page 4

From U.S., Support for Hashimoto

By James Sterngold
New York Times Service

TOKYO — In a highly unusual move in international relations, Treasury Secretary Nicholas F. Brady of the United States spoke out about the growing public furor over the Japanese stock-market scandal, expressing support for Japan's finance minister.

In a telephone interview on Saturday from Washington, Mr. Brady said he was alarmed at signs that the political survival of Ryutaro

Japanese leaders fear scandals could hurt the economy. Page 7.

Hashimoto, the finance minister, was suddenly being threatened by the Japanese government's handling of the scandal.

American officials rarely comment publicly on another country's domestic political matters, and until now officials in the United States have remained silent about the Japanese stock-market scandal to avoid the appearance of interfering in it. But Mr. Brady indicated he had taken the step because Japan's government had been so helpful to the United States during the Gulf war and because he hoped that the relationship would not be jeopardized by an upheaval in Japan's leadership.

He also indicated that the United States was eager that it not lose such a cooperative ally at a time when the world is faced with a host of tough economic issues, like financial aid to the Soviet Union.

The stock-market scandal turned into a political crisis last week when the Japanese government refused to disclose the names of the big corporations and powerful individuals who were improperly reimbursed for stock-market losses.

Although Mr. Brady is not per-

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Green Cards: Luck of the Irish

U.S. Lottery on Immigration Is Stacked in Their Favor

By Al Kamen
Washington Post Service

BOSTON — Sometime next month, the State Department is expected to announce details of an unusual contest — part lottery, part gold rush — that will change the lives of tens of thousands of foreigners living illegally in this country.

The prize is more valuable than gold to an illegal immigrant, a "green card" allowing its owner to stay in the United States indefinitely. Winners do not have to be Irish — but it helps.

Under a provision in the Immigration Act of 1990, 40,000 green cards will be handed out each year for the next three years on a first-come, first-serve basis. Applicants must be from one of 34 countries, many of them in Europe, that have had little emigration to the United States in the last 25 years.

A similar program five years ago drew 1.4 million applications for 10,000 visas, and immigration lawyers and federal officials expect millions of applications this time.

But there's a difference this time: In a display of ethnic political clout, 40 percent of the visas — 16,000 — must go to Irish applicants, a provision courtesy of powerful lawmakers such as Senator Edward M. Kennedy, Democrat of Massachusetts, and former Representative Bruce A. Morrison, Democrat of Connecticut.

The "Irish Sweepstakes" is what Irish news organizations in the United States and in Ireland are calling the process. Irish abroad and thousands of illegal immigrants in the United States are waiting anxiously to learn the special post office box number in Washington and the earliest date on which applications may be submitted.

A 26-year-old construction worker who came to Boston last year says the reason for the intense interest is simple: The Irish here, like any other group of undocumented workers, are "an underclass," forced as he has been to take "the crummiest jobs at the lowest wages."

The Irish illegals are a part of a huge wave of Irish immigration that rivals the influx at the turn of the century and in the 1950s. In the last decade, about 50,000 have arrived, legally and illegally, according to Irish government figures.

They have come, mostly here and to New York, for the same reason as the earlier Irish: jobs. Unemployment in Ireland is at a staggering 18 percent and expected by

See LOTTERY, Page 4

Srdjan Ilic/The Associated Press

CHOW TIME — A Yugoslav Army officer consulting with a Serbian woman Sunday as she prepared a no-frills lunch for soldiers guarding a bridge across the Danube. At least 50 persons were reported killed over the weekend in fighting between Serbs, Croats and army units. Page 2.

In the Desert, a Baker Mission Succeeds

By David Hoffman
Washington Post Service

IN THE GOBI DESERT, Mongolia — Two days before the Moscow summit meeting, in the midst of the Middle East peace process, Secretary of State James A. Baker 3d spent hours Sunday on a rough, dusty ride through the vast Mongolian desert in a four-wheel-drive vehicle.

He was rewarded late in the afternoon with a breathtaking view of a brood of ibex, a species of wild goat, poised on a mountain ridge, some with huge horns that gracefully swept the sky.

It was the climax of a visit that fulfilled Mr. Baker's long-standing desire to search for mountain wildlife in this remote country and also underscored the support of the United States for the first nation in Asia to attempt the transition from communism to democracy and a free market.

Stopping in Mongolia between a meeting of Asian-Pacific foreign ministers in Malaysia and the summit meeting this week, Mr. Baker mixed business with pleasure.

Mongolia adopted communism in 1921 and still bears the markings of its long association with the Soviet Union. But last year it held three elections, and it now appears to be attempting a rapid transformation from communism to the free market. But the effort has been difficult, and the country is reeling from economic dislocation.

Unlike some other nations struggling to make the same transition, Mongolia appears to have discarded the debate between liberals and the old guard about whether to change. Rather, the debate is about how fast to change.

The desire for change was evident, for example, when Mr. Baker met with members of political parties, most of whom enthusiastically pledge their support for a market-based economy and promise to make the leap on their own without long-term outside aid.

One of the leaders, Sukh Erdene, deputy chairman of the Party of National Progress, surprised the U.S. delegation by speaking up

See BAKER, Page 4

Another Gorbachev Aide Out

Yakovlev Helped Plan Perestroika

By Michael Dobbs
Washington Post Service

MOSCOW — Alexander N. Yakovlev, widely regarded as the intellectual force behind President Mikhail S. Gorbachev's *perestroika* movement to open up Soviet society, has announced that he will resign as Mr. Gorbachev's senior political adviser.

Mr. Yakovlev, 67, has served as Mr. Gorbachev's confidant for six years. He disclosed his plans in an interview on Russian Republic television. Earlier, speaking at a news conference, he supported a new political movement founded by former Gorbachev aides.

If Mr. Yakovlev's resignation is accepted, it will signal the full dispersal of the team that began perestroika in April 1985 in an attempt to end political and economic stagnation in the Soviet Union.

Over the last year, many of Mr. Gorbachev's associates have either resigned or been dismissed because of policy differences over how to deal with the Soviet Union's deepening political and economic problems.

Mr. Yakovlev, a former ambassador to Canada who has been regarded as one of the strongest proponents of change on Mr. Gorbachev's team, did not say why he was resigning.

Rumors have circulated for months that he would step down, especially after a military crackdown in the Baltic states in January in which 20 civilians died, some of them from gunshot wounds and some under the treads of tanks.

Asked at his news conference whether Mr. Gorbachev could become the leader of the political movement that Mr. Yakovlev helped to start last month, Mr. Yakovlev replied simply, "No."

The president has made it clear that he intends to remain general secretary of the ruling Communist Party, at least until a party congress in November or December.

Mr. Yakovlev expressed support for the recent action of the Russian Republic's president, Boris N. Yeltsin, in outlawing Communist Party cells in factories, offices and government institutions in Russia.

"It's a normal approach," said Mr. Yakovlev. "We are talking about a law-based state, and everybody should be treated the same."

Senate Panel, in Surprise, Backs Missile Defense

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — The Senate Armed Services Committee has sparked a new debate over the anti-missile defense program by unexpectedly endorsing deployment within five years of a much more limited defense against ballistic missiles.

If sustained by both houses of Congress, the committee's bipartisan decision would deliberately put U.S. military policy on a collision course with a U.S.-Soviet treaty that is revered by U.S. arms control advocates — the 1972 Anti-Ballistic Missile accord barring all but the most rudimentary missile defenses.

It also would force a sharp change of focus for the eight-year-old "star wars" effort, formally known as the Strategic Defense Initiative, or SDI, by shifting its immediate emphasis from space-based weapons to less expensive anti-missile arms deployed on the ground.

In lieu of the current SDI effort to defend U.S. military targets against a large-scale Soviet attack, the new effort would be aimed at defending a portion of the U.S. population against a small, accidental or unapproved missile attack. Supporters and opponents of the committee's decision differ sharply over whether such an attack is likely.

Coming just before the planned signing of a new U.S.-Soviet treaty reducing ballistic missiles and other strategic arms, the committee action stunned Bush administration officials and independent arms experts alike. While the administration has warily praised "positive elements" of the decision, it has withheld direct support.

Advocates of the measure say its approval vote represents a breakthrough that could eventually lead to the first U.S. deployment of a missile defense since the mid-1970s, when a U.S. system at Grand Forks, North Dakota, was scrapped because of technical problems.

Senator Sam Nunn, Democrat of Georgia and the committee chairman, said this was "an expression of what Congress wants" for the first time since President Ronald Reagan created the SDI program in 1983.

Mr. Nunn and Senator John W. Warner of Virginia, the committee's senior Republican, helped forge the proposal on July 17 after a series of spirited, closed committee debates.

Senator Albert Gore Jr. of Tennessee, one of the four committee Democrats who opposed the proposal out of a total of 20 voting members, said it would be an "uphill battle" before the Senate.

The committee measure has upset arms control groups and opponents of SDI because it explicitly states that "it is a goal of the United States to deploy an anti-ballistic missile system."

The SDI program, which Congress has provided with $20.9 billion since 1984, so far has had approval only to develop but not deploy such a system.

The measure also would provide the first explicit congressional endorsement of the Reagan and Bush administrations' goal of amending the ABM Treaty to permit the deployment of a missile defense. Congress has looked skeptically on such amendments in the past and forced strict U.S. adherence to the treaty's provisions.

START Is a Good Beginning, Arms Expert Says

Richard R. Burt, the chief U.S. negotiator in the Strategic Arms Reduction Talks from June 1989 to March of this year, talked with Barry James of the International Herald Tribune about the scheduled signing this week of the START treaty at the Moscow summit conference.

MONDAY Q&A

Q. Haven't the weapons that will be eliminated under the START treaty become anachronistic anyway?

A. What I hope is anachronistic is the political competition between the United States and the Soviet Union that was reflected in the nuclear arms race. We have seen the wind-down of that competition, the clear supremacy of Western ideology and the failure of the Soviet Union to compete with the West, which is reflected in its willingness to engage in a reduction of nuclear weapons. Unfortunately, I do not believe that nuclear weapons are anachronistic, because we can see the danger of other arms races in other regions.

Q. The United States seems to be scaling back its strategic modernization program without waiting for concessions from the Soviets. Is this so?

A. That's right. There is a growing recognition in the United States that the likelihood of a war with the Soviet Union has diminished substantially. The key scenario throughout the postwar period was a conflict that began in Europe. Remember that the role of nuclear weapons in American strategy was not simply to deter a nuclear attack against the United States. It was to deter an attack against Europe, including a conventional attack.

As it became clear with the end of the division of Germany and the withdrawal of the Red Army from Eastern Europe that there was no longer an immediate military threat, the role of nuclear weapons diminished in American strategy, and it became possible for the United States both to reduce the number of its nuclear weapons and the modernization of its nuclear arsenal.

I still think that nuclear weapons have a role to play in American strategy, however. What we should learn from the past 40 years is that they do have this quality of forcing people to be cautious. But we probably don't need the number or the types of nuclear weapons that we have had in the past.

Q. How do you see a continuation of the START process? In other words, what will nuclear arsenals look like 15 or 20 years from now?

A. President Bush and President Gorbachev agreed at their summit meeting last June that this process would continue, and they called for further stabilizing reductions. This raises the issue of how low we want our nuclear arsenals to go. I think the Soviet Union has pulled back from the idea of eliminating all nuclear weapons. So the real question is whether we want to go down to a level of maybe 4,000 or 5,000 nuclear weapons, or whether we could live with a vastly smaller number. If we are really going to come down to fairly low levels we would have to factor in the British, the French and the Chinese and maybe other nuclear powers. I do not think we are headed in the near future to an agreement that would result in reducing nuclear weapons into the hundreds. There is still the belief, which I think is sensible, that we need some redundancy in our nuclear arsenals. So we will still be talking about nuclear weapons in the thousands.

Q. It is a qualitative as well as a quantitative question?

A. Yes. We are not just reducing nuclear weapons. We are trying to reduce the most destabilizing weapons, and there is an agreement in principle with the Soviet Union that we want to reduce missiles with multiple warheads, because they are very lucrative targets to attack in any kind of a crisis and they are also the best means of undertaking a nuclear first strike. The problem is that most of the Soviet systems are land-based, while ours are sea-based. That's going to be a real point of difference in any follow-on negotiations.

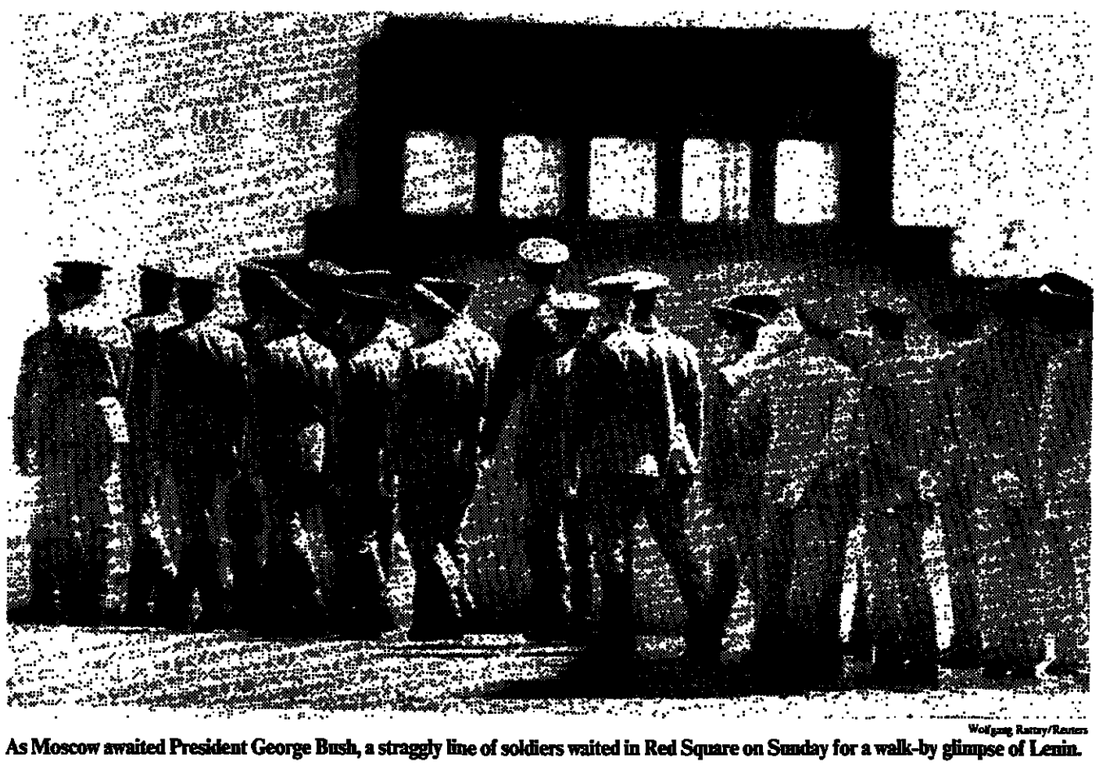
Q. How important is the START treaty to the Soviet economy?

A. It is a necessary part of *perestroika*, and not only from a purely economic standpoint. We forget in the West that the very best minds in the Soviet Union are employed in their nuclear weapons complex, and if they are able to free up those people to begin working in commercial and civilian fields, that could be decisive in whether the Soviets are going to succeed in moving toward a successful market economy.

Q. Some of the heat seems to have gone out of the arms control debate. Is this an indication that the two sides can sit down in a calmer atmosphere to debate these issues?

A. Yes. That is clearly what is happening. In the past the strategic arms negotiations were the main means of communication between the two superpowers and thus they carried a tremendous amount of baggage. Now there are many other channels, and the arms control question has become more of a professional and technical discussion, which is more likely to achieve substantial results.

There has been a revolution in Soviet thinking in that there is now a civilian defense intellectual establishment as well as the military, and this is reflected in their negotiating style. For the first time we are seeing debates within the Soviet delegation about these issues.



Wolfgang Rattay/Reuters

As Moscow awaited President George Bush, a straggly line of soldiers waited in Red Square on Sunday for a walk-by glimpse of Lenin.

Markovic Threatens To Resign

By Stephen Engelberg
New York Times Service

DUBROVNIK, Yugoslavia — Prime Minister Ante Markovic says that Yugoslavia is on the brink of a conflagration that could claim millions of victims, and he has threatened to resign if his program for restoring "minimum" government functions is not accepted.

The federal prime minister acknowledged that parts of Yugoslavia were now outside the control of government authority. He appealed for the European Community to help stave off all-out war.

On the eve of a meeting in Brussels on Monday between Yugoslav leaders and European Community officials, Mr. Markovic warned that failure to adopt his peace plan would mean "legal anarchy, economic chaos, economic catastrophe and social explosions that would lead to such skirmishes in the country that it would destroy the country itself and reflect into Europe."

"Unfortunately," he said, "right now irrational thinking and irrational options dominate."

This weekend has seen the worst clashes between Serbs and Croats, the country's two largest ethnic groups, since World War II. At least 50 people have been reported killed in three days in fighting between Serbs, Croats and units of the Yugoslav Army.

Mr. Markovic's plan calls for a 90-day moratorium in which all sides in the conflict would observe a cease-fire, demobilize paramilitary units and reserve police forces, and recognize existing internal and external borders.

But Mr. Markovic appears to have little leverage with the nation's quarreling republics beyond his resignation threat. He acknowledged that although the Europeans had invited all eight members of the Yugoslav collective presidency to the talks, only two were likely to attend. Neither the Serbian nor the Croatian representative was expected to take part, he said.

Little in the military balance between the Croats and rebel Serbs within Croatia suggests an imminent end to hostilities. Croatia, which has had heavy casualties, called for a truce on Sunday after sustaining heavy losses in the fighting over the weekend.

There was no immediate reply from the Serbian guerrilla fighters. The Serbs, with their success on the battlefield and increasingly open support from the army and its Serbian-dominated officer corps, appear to have little reason to moderate their demands for a shift in Yugoslavia's internal borders.

Croatia has about 600,000 Serbs within its borders, 11.5 percent of the republic's population. The Serbs say they are motivated primarily by memories of World War II, when the Nazi-installed government of Croatia sent large numbers of Serbs, Gypsies and Jews to their deaths in concentration camps.

Acknowledging the federal government's impotence, Mr. Markovic called for the European Community to send another delegation to Yugoslavia.

If his program is not adopted, Mr. Markovic said, "I shall no longer be able to accept responsibility for the consequences."

WORLD BRIEFS

Soviets Exhuming Polish Officers

MOSCOW (Reuters) — Soviet authorities have begun exhuming the bodies of about 4,000 Polish officers shot outside the Ukrainian city of Kharkov by the Soviet secret police, Tass said Sunday.

The grave is one of three where about 15,000 Polish officers captured in the 1939 invasion of Poland are buried. For decades, Moscow insisted the Poles had been shot by German invaders. About 6,000 Soviet civilians also believed buried at the Kharkov site are presumed to be victims of Stalinist purges in the late 1930s.

"The first sod of earth raised confirmed our grim assumption," Tass quoted a deputy military prosecutor, Major General V. Frolov, "We found remains of a human being and next to them the buttons and uniform of a Polish officer and rotten boots of a style quite unlike ours."

Taiwan Allows China Red Cross Visit

TAIPEI (Reuters) — Taiwan is allowing representatives of the Chinese Red Cross to visit the island for the first time since the end of the civil war in 1949, it was reported here Sunday.

In what it called "a policy breakthrough between the two sides," the official radio said Red Cross officials would be admitted to the island to check on the condition of 18 fishermen detained by the Taiwanese Navy on suspicion of piracy.

The Chinese were detained after they boarded a Taiwanese fishing vessel. One Chinese was shot in the leg during the arrests. The authorities here have not yet decided whether to charge the men or to send them home.

Quake Kills 20 in 2 Kurdish Towns

NICOSIA (AP) — An earthquake has struck Kurdish areas of northern Iraq, killing 20 people in two villages, the official Iraqi press agency, INA, reported Sunday.

The earthquake destroyed 100 houses in the villages of Al Qadisiya and Batlas, which are located near the city of Arbil in the Kurdish-populated north, according to the report. Arbil is about 320 kilometers (200 miles) north of Baghdad.

The tremor, which occurred Wednesday, measured 5.6 on the Richter scale, according to the U.S. National Earthquake Information Center in Golden, Colorado.

Dole Asks Bush to Name MIA Panel

WASHINGTON (AP) — The Senate Republican leader, Bob Dole of Kansas, urged President George Bush on Sunday to appoint a commission to investigate whether any Americans missing from the Vietnam War are still alive in Southeast Asia.

Appearing on an NBC television program, Mr. Dole was asked about a statement by the national security adviser, Brent Scowcroft, that he was convinced no missing Americans were still alive. "I don't know, and I don't think Brent Scowcroft knows," he said. "I think what we should do, and what I would like to see happen this week, is for the president to say, 'I'm going to have a presidential commission. We are going to take another look.'"

6 Are Killed in Peru Rebel Attacks

LIMA (AP) — At least six people were killed in attacks by Shining Path guerrillas as Peru prepared to celebrate its independence day.

Officials said rebels threw dynamite at the offices of a Canadian-funded land project in the southern city of Puno on Saturday, killing a passer-by and wounding a guard. The police said the rebels also shot and killed five people in two other attacks.

Strikes called by the rebels in three cities in the central Andes kept all vehicles and almost all people off the streets, officials said. A government official in the region said power was cut Friday when the rebels dynamited two electrical towers. Repair crews are afraid to leave their homes, he said. Peru celebrates its independence on Monday.

15 Die in Attack in Colombian Club

BOGOTA (AP) — Gunmen sprayed a crowded bar in the cocaine center of Cali with automatic-weapons fire, killing 15 people and wounding 13, officials said Sunday. At least one report linked the attack to the drug war.

The RCN radio network cited police as saying the attack Saturday night was connected to a battle between the cocaine cartel in Cali and rival traffickers in Medellin. If the Medellin group were responsible, it would be the third mass killing in Cali since September attributed to that drug ring.

About 100 people were in the bar on the city's outskirts when between seven and 10 assailants entered and began firing indiscriminately with automatic weapons, according to investigators.

TRAVEL UPDATE

The Italian police begin experimenting Monday with the country's first highway breath testing units for alcohol. The safety measure was approved in February 1990. *(UPI)*

This Week's Holidays

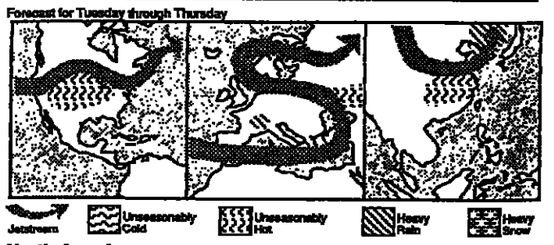
Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Peru, Thailand.
WEDNESDAY: Congo.
THURSDAY: Nicaragua, Rwanda, Switzerland, Zaire.
FRIDAY: Costa Rica.
SATURDAY: El Salvador, Equatorial Guinea, Guinea-Bissau, Niger, Tunisia.

Source: J.P. Morgan, Reuters.

The Weather

Forecast for Tuesday through Thursday



North America
Soaking rains will shift northward along the Atlantic Seaboard from Virginia to eastern Canada Tuesday and Wednesday. A hot blast of air will shift eastward from the Rockies Tuesday, and will reach the Great Lakes region Thursday.

Europe
A belt of rainy weather is in store from France and northern Spain to northern Italy beginning Tuesday. Warm, dry weather will be the rule northward from London and Berlin. Scandinavia will be markedly bright, sunny and warm.

Asia
After soaking eastern Korea, Caitlin will weaken and head over the Sea of Japan Tuesday. Seoul may have downpours into Wednesday. Elsewhere in the Far East, hot, humid weather with scattered showers will remain the rule through Thursday.

Europe

	Today High	Today Low	Wx	Tomorrow High	Tomorrow Low	Wx
Algarve	31/88	21/70	pc	29/84	18/64	pc
Amsterdam	24/75	17/62	s	22/71	15/59	sh
Athens	29/84	17/62	pc	30/86	18/64	s
Barcelona	30/86	21/70	pc	32/89	18/64	pc
Belgrade	25/77	14/57	pc	27/80	14/57	pc
Berlin	27/80	14/57	s	27/80	17/62	pc
Brussels	24/75	16/61	s	23/73	14/57	sh
Budapest	25/77	13/55	pc	28/82	16/61	pc
Copenhagen	25/77	15/59	s	23/73	14/57	s
Costa Del Sol	33/91	21/70	pc	32/89	18/64	pc
Dublin	19/66	13/55	sh	19/66	13/55	sh
Edinburgh	18/64	12/55	c	18/64	13/55	sh
Florence	31/88	17/62	pc	31/88	18/64	pc
Frankfurt	28/82	16/61	s	23/73	14/57	sh
Geneva	29/84	16/64	pc	24/75	15/59	sh
Helsinki	23/73	10/50	s	22/71	11/52	s
Las Palmas	31/88	21/70	pc	31/88	22/71	pc
Leningrad	24/75	11/52	s	23/73	12/53	s
Lisbon	25/77	16/61	c	25/77	15/59	c
London	22/71	14/57	c	20/68	14/57	sh
Madrid	31/88	20/68	pc	31/88	16/61	sh
Milan	31/88	18/64	s	29/84	18/61	pc
Moscow	22/71	11/52	s	23/73	12/53	s
Munich	29/84	17/62	s	24/75	15/61	c
Nice	31/88	19/66	pc	30/86	18/64	sh
Oslo	25/77	13/55	s	24/75	13/55	s
Paris	25/77	16/61	pc	22/71	14/57	sh
Prague	28/82	16/61	s	27/80	16/61	pc
Reykjavik	16/61	6/43	c	16/61	5/41	pc
Rome	29/84	18/64	s	29/84	18/64	pc
Stockholm	24/75	12/53	s	23/73	12/53	s
Strasbourg	27/80	15/59	s	24/75	14/57	t
Venice	31/88	17/62	pc	27/80	17/62	pc
Vienna	28/82	16/61	pc	27/80	16/61	pc
Warsaw	26/79	14/57	s	27/80	15/59	pc
Zurich	29/84	17/62	s	23/73	15/59	sh

Middle East

Ankara	24/75	14/57	pc	28/73	13/55	sh
Beirut	32/89	22/71	pc	32/89	21/70	pc
Cairo	31/88	18/64	pc	30/86	17/62	s
Damascus	34/93	17/62	s	33/91	19/66	s
Istanbul	23/73	17/62	r	21/70	16/61	sh
Jerusalem	32/89	20/68	s	30/86	18/64	pc
Riyadh	42/107	26/79	s	42/107	25/77	s

Oceania

Auckland	14/57	7/44	pc	14/57	7/44	pc
Sydney	17/62	6/43	s	16/61	5/41	pc

Asia

	Today High	Today Low	Wx	Tomorrow High	Tomorrow Low	Wx
Bangkok	31/88	26/79	sh	31/88	25/77	t
Beijing	32/89	24/75	t	30/86	23/73	sh
Hong Kong	33/91	28/82	pc	33/91	27/80	pc
Manila	34/93	26/79	sh	33/91	26/79	pc
New Delhi	38/100	29/84	pc	38/100	28/82	pc
Seoul	29/84	22/71	c	29/84	22/71	r
Shanghai	33/91	23/73	sh	33/91	24/75	t
Singapore	32/89	26/79	pc	32/89	25/77	pc
Taipei	34/93	24/75	pc	33/91	24/75	pc
Tokyo	31/88	24/75	pc	30/86	24/75	c

Africa

Algiers	34/93	23/73	s	32/89	20/68	pc
Cape Town	16/61	8/46	pc	16/61	8/46	pc
Casablanca	33/91	20/68	pc	33/91	19/66	pc
Harare	21/70	12/53	pc	22/71	13/55	pc
Lagos	30/86	25/79	pc	30/86	25/77	s
Nairobi	22/71	11/52	pc	22/71	11/52	pc
Tunis	32/89	21/70	s	31/88	23/73	s

Latin America

Buenos Aires	17/62	7/44	sh	14/57	2/35	pc
Caracas	32/89	25/77	pc	31/88	24/75	pc
Lima	19/66	14/57	c	19/66	13/55	pc
Mexico City	24/75	15/61	c	24/75	15/59	pc
Rio de Janeiro	23/73	13/55	s	23/73	12/53	s

North America

Anchorage	18/64	12/53	sh	21/70	10/50	pc
Atlanta	31/88	21/70	pc	28/82	21/70	pc
Boston	22/71	15/59	t	20/68	13/55	r
Chicago	21/70	16/61	c	29/84	18/61	pc
Denver	31/88	18/61	t	32/89	17/62	t
Detroit	24/75	14/57	sh	28/82	15/59	pc
Honolulu	32/89	23/73	s	31/88	23/73	pc
Houston	34/93	23/73	pc	33/91	23/73	t
Los Angeles	27/80	17/62	pc	28/79	17/62	pc
Miami	32/89	25/77	pc	32/89	25/78	pc
Minneapolis	26/79	16/61	pc	22/71	13/55	pc
Montreal	26/79	14/57	c	22/71	15/59	c
Nassau	33/91	24/75	sh	32/89	23/73	pc
New York	24/75	18/64	r	25/77	21/70	r
Phoenix	42/107	29/84	s	42/107	30/86	t
San Fran.	21/70	14/57	s	22/71	15/59	s
Seattle	26/79	13/55	pc	24/75	13/55	pc
Toronto	24/75	18/61	c	26/79	18/61	pc
Washington	27/80	22/71	t	29/84	20/68	t

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, i-ice.
All maps, forecasts and data by Accu-Weather, Inc.©1991

What Keeps Bush Going? Life on the Go

By John E. Yang
Washington Post Service

WASHINGTON — A week ago, 12 hours after leaving Turkey — and 11 days after leaving Washington — President George Bush rushed into an East Room ceremony honoring volunteerism, and apologized.

"I'm two minutes late," he said. "Filling out the frequent-flier forms."

A week after ending a nine-day, four-nation tour of Europe and Asia, Mr. Bush is en route to meet Mikhail S. Gorbachev in Moscow. It is the 17th international trip for Mr. Bush as president; with the Soviet Union his 32d foreign destination, he is the most traveled of U.S. presidents.

Mr. Bush visited more countries in the first two years of his presidency than Ronald Reagan did in two terms. Including domestic trips, Mr. Bush has logged 339,257 miles (545,550 kilometers) aboard Air Force One.

"I love getting out of the White House," he told a group of grade-school students during a May visit to St. Paul, Minnesota. "I love to go abroad."

Mr. Bush's penchant for travel reflects both the personal approach he brings to diplomacy and his tendency toward perpetual motion. At 67, though, and coming off the effects of an overactive thyroid gland, he concedes that he sometimes finds it wearying.

The hectic pace of the economic summit conference in London, with early-morning meetings and drawn-out dinners, he said in Ankara, meant "a lot of evening action out there coupled with getting up pretty early."

Bush visited more countries in the first two years of his presidency than Ronald Reagan did in two terms.

"I have to confess that from time to time I get tired," he said.

Still, in "Looking Forward," his 1987 memoir, he said he liked his trips "fast-paced, with no wasted motion."

Consider his schedule for Tuesday. After an eight-hour flight from Washington on Monday, the president is to begin his day with a ceremonial welcome, meet with Mr. Gorbachev for for more than three hours, give a major speech, meet with President Boris N. Yeltsin of the Russian Republic and then attend a state dinner in his honor.

Even sightseeing is done at breakneck speed. In Istanbul recently, he took mere minutes to zip through the Topkapi Palace Museum, which houses national treasures from Byzantine and Ottoman times — and where normal tourists may linger for hours.

Mr. Bush does have some advantages that help him maintain his pace.

To avoid getting up in the middle of the night for the early-morning departure from Turkey, he and Barbara Bush boarded Air Force One at about 9:20 P.M. and slept in the stateroom in the nose of the Boeing 747. Mrs. Bush said they slept through the takeoff and awoke when they were well out over the Atlantic.

By contrast, Marlin Fitzwater, the White House spokesman, said that he and Brent Scowcroft, the national security adviser, spent the night on the floor of the plane.

Toward the end of his recent trip, Mr. Bush looked tired.

The day before the return flight, he could not recall the details of a speech he was to give two days hence.

"It's a speech in the Rose Garden to some special group," he said. "Don't ask me any more."

Rights Delegation Faults Chinese Courts

Compiled by Our Staff From Dispatches

HONG KONG — Of 16,000 criminal cases filed last year in Shanghai, China's most populous city, only 30 defendants were acquitted and fewer than half had defense lawyers, human-rights activists said Sunday.

"This gives you an idea of the problems the Chinese people face," said a member of a human-rights delegation from Australia, the first such group allowed to tour China. "They've got a long way to go."

The team of politicians and China experts painted a grim picture of rights in China but said that opposition to hard-line policies was widespread among youth.

The leader of the nine-person delegation, Chris Schacht, said that in private conversations young people and even mid-level officials expressed a desire for change and concerns about "the problem of an aged leadership."

"I am optimistic that the place is not monolithic," he said. "Underneath, it's bubbling up. If I were a senior, aging Chinese leader, I'd be pretty scared."

A law professor called China's legal system "Stalinist." She noted that procedural rights enshrined in China's constitution could not be cited in many court cases, thereby rendering them valueless.

The delegates said they were followed by security agents, were denied access to political prisoners and were stymied in trying to talk to Chinese citizens.

Delegates said the Chinese were the most forthcoming about the one-child policy that limits the size of families. China, with 1.1 billion people, views limiting population as a key to its future prosperity.

Citing interviews with planning officials, the group said that 600,000 abortions were performed in Sichuan Province last year. With an estimated 107 million, Sichuan is China's most populous province and recorded 2 million births in 1990, a delegate said.

The group said that Chinese authorities denied carrying out forced sterilizations but implicitly acknowledged such practices occurred in the past. But delegates said informal interviews led them to conclude that forced sterilization and abortions continued.

(AP, Reuters)

■ Mongolian Crackdown

Sheryl WuDunn of The New York Times reported earlier from Beijing:

Internal government documents made available by a human-rights group show that security forces have suppressed two dissident organizations in the Chinese region of Inner Mongolia and detained their leaders.

Two leaders were arrested in May, and 26 members of one of the organizations were kept under house arrest. Some of those detained were Communist Party members, the documents say.

Making a Move To Moscow — A Costly Affair

Los Angeles Times Service

MOSCOW — One and a half million rubles. That astronomical sum — about $840,000 at the inflated commercial exchange rate — is what two out-of-towners agreed to pay for a Moscow residence permit at an auction.

The price — 5,000 times the average Soviet monthly salary — would not buy an apartment, but merely the right to live in this overpopulated, undersupplied capital of 9 million.

"It's absolutely absurd!" one initially hopeful buyer in the auction's audience said Saturday in the hall of the city's Main Directorate for Planning, Control and Distribution of Housing.

One of the two persons who ended up with a permit, asked later why she paid the price, said: "There was just no other way! We beat our heads against the wall for years!"

Many officials acknowledge that the *propiska*, or residence permit, is an odious remnant of Stalin's dictatorship that violates world human-rights standards on freedom of movement and prevents the free flow of labor that a market-driven economy needs.

It has to go, they say. But not just yet.

U.S. Pusher, 83, Given Probation

The Associated Press

KANSAS CITY, Missouri — A judge has allowed five years' probation for an 83-year-old who faced as much as 30 years in prison for having sold cocaine to undercover police officers.

Judge K. Preston Dean cited Noah Hunter's age for the lenient sentence, but warned: "I would never want anyone to think that they can sell cocaine without risk."

Mr. Hunter sold as much as $2,000 in drugs a day, prosecutors said. He pleaded guilty to having sold cocaine to undercover officers at his residence in September 1989 and March 1990. "I'm sorry I got myself into this," he said.

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New Curb On Covert Activity?

Congress Backs Rein on President

By Elaine Sciolino
New York Times Service

WASHINGTON — A House-Senate conference committee has agreed on legislation to clarify and limit the president's authority to approve secret intelligence operations abroad.

The bill is a softer version of a measure that President George Bush rejected last year on the ground that it infringed on his authority to conduct foreign policy.

If enacted, the measure would be the first major legislative revision of the intelligence oversight process in more than a decade. It is aimed at curbing abuses like those that led to the Iran-contra scandal.

The proposal would require a president to provide written approval of covert activities conducted by any federal agency. It would also require that he keep congressional intelligence committees informed of such activities as they proceeded.

The legislation would ban retroactive presidential approval of such operations.

The White House seems more inclined to approve this year's version of the bill because covert action is more narrowly defined to exclude normal diplomatic activity.

Another crucial point is that the bill's language is vaguer when it comes to the president's prerogative, leaving him an unspecified amount of time before he has to inform Congress about secret activities that he has authorized.

The action by the leaders of the intelligence panels and other key lawmakers follows several months of intense discussion between the committees and White House officials led by Brent Scowcroft, the national security adviser.

The new bill will go to the full House and Senate for a voice vote this week, and will be sent to the White House for approval before the August recess.

Democratic and Republican members of the intelligence committees hailed the bill as a major achievement that closes loopholes that had permitted the Iran-contra affair, in which U.S. arms were secretly sold to Iran and the profits diverted to rebels in Nicaragua at a time when Congress had banned such aid.

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The day she ma... he was really lo...
The chairman ... of the board would ...
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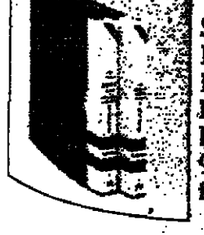
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Democratic and Republican leaders of the intelligence committees hailed the bill as a major achievement that closes loopholes in laws that had permitted the Iran-contra affair, in which U.S. arms were secretly sold to Iran and the profits diverted to rebels in Nicaragua at a time when Congress had banned such aid.

The Associated Press

A policeman in Bath, Ohio, at the former Dahmer home, scene of a search for the body of a man Dahmer has admitted killing.

Killer Remembered as a Moody Racist

New York Times Service

MILWAUKEE — Army acquaintances of Jeffrey L. Dahmer, who has admitted killing and dismembering 11 men and boys, recall him as bright and well read but also as a moody loner who was belligerent and made racist remarks when on drinking binges.

In Bath, Ohio, a suburb of Akron, the authorities prepared to search Monday for the remains of a young man whom Mr. Dahmer told the Milwaukee police he had killed in 1978 as his first victim. The search team will be looking near the home where the Dahmer family lived in the 1970s.

[Mr. Dahmer has denied involvement in slayings other than in Wisconsin and Ohio, The Associated Press quoted his attorney as saying.

[The lawyer, Gerald Boyle, quoted Mr. Dahmer as having said: "I have told the police everything I have done relative to these homicides. I have not committed any such crimes anywhere in the world other than in this state, except I have admitted an incident in Ohio."

[Authorities in Germany, in Florida and in Fresno, California, where Mr. Dahmer's mother lives, have said they are investigating whether Mr. Dahmer, 31, could be a suspect in unsolved missing-persons or murder cases. The German investigations involve nine murders that occurred more than a decade ago near a U.S. military base at Bannholder, where Mr. Dahmer was stationed.]

Mr. Dahmer so far has been charged with 4 counts of murder, but investigators say he may be responsible for 6 killings in addition to the 11 he has confessed to. A Milwaukee police detective who spoke on condition of anonymity said more charges could be filed Aug. 6.

Army veterans who were stationed with Mr. Dahmer recall him as well read and as a devotee of rock music but say he kept to himself and was aggressive when drinking.

Michael Masters, of Seaford, New York, who said he was Mr. Dahmer's room commander for part of his army stint, said Mr. Dahmer, who is white, had made racist remarks. Nine of the 11 verified victims were black.

Mr. Dahmer sought out some of his victims in homosexual bars, investigators have said, but Mr. Masters said Mr. Dahmer had "never showed any homosexual tendencies toward any of us."

"I tell you, he was very intelligent," Mr. Masters said. "If you were to test his IQ, I'm sure it would be 145 or above. He did a lot of reading, but when he drank he became very obnoxious, and he had a passion for being a racist."

A former barracks roommate of Mr. Dahmer's, David J. Rodriguez, of Springfield, Massachusetts, said Mr. Dahmer was "pretty much a loner" who often went out by himself.

Mr. Rodriguez described him as generally personable and as having a sense of humor. "I could see how he'd lure them in," he said. "He's a likable guy; except when he's drinking, he's different."

On some weekends, Mr. Dahmer would go on binges, Mr. Rodriguez said. "He'd sit in his room and lie in bed," he said. "He'd have his headphones on and have his eight-track player. He'd just listen to music and drink martinis."

"He'd drink until he passed out," Mr. Rodriguez added. "Beginning Friday afternoon, he'd drink all day, pass out, wake up and start drinking again. He'd have his headphones on, and he'd be in his own little world. But that was not every weekend. Some weekends he was gone."

When drunk, Mr. Dahmer was sometimes surly, Mr. Rodriguez said. "He wouldn't get violent. He'd get agitated and loud."

In Milwaukee, the Dahmer case has aggravated friction between the police and minorities and homosexuals, who charge that the police are insensitive.

One victim, a 14-year-old Laotian boy who was seen near Mr. Dahmer's apartment May 27, naked and bleeding, was returned to Mr. Dahmer's home after Mr. Dahmer told the police that he and the boy were living together and that the incident was a domestic dispute. Mr. Dahmer was on probation at the time after having been convicted in 1989 for molesting the boy's 13-year-old brother.

Police Chief Philip Arreola has suspended three officers who failed to check Mr. Dahmer's background and help the boy, whose remains were later identified as among those of the 11 victims found in the apartment.

After his conviction for molesting the 13-year-old, Mr. Dahmer got a much shorter sentence than the six years' imprisonment that the prosecutors had sought.

"It is absolutely crystal clear that the prognosis for treatment of Mr. Dahmer within the community is extremely bleak and is just plain not going to work," Assistant District Attorney Gale Shelton said at the sentencing hearing in 1989.

But Judge William Gardner, who imposed a 10-month sentence, reasoned then that Mr. Dahmer would have a better chance for treatment outside the prison, which had no program for sex offenders. Mr. Dahmer was released last year.

Virginia Governor Talks Presidential

By John F. Harris
Washington Post Service

RICHMOND, Virginia — Governor L. Douglas Wilder, after two months of bruising political battles that led many Democrats to conclude he had given up the idea of seeking his party's presidential nomination in 1992, has delivered a volley of campaign rhetoric that sent the unmistakable signal he is still interested in the job.

In a sharply confrontational speech prepared for delivery to a group of Young Democrats in Miami, Mr. Wilder railed at the "failed promises, failed budgets and failed national leadership" under President George Bush before ridiculing "Democratic pretenders to the throne."

That dig was aimed at Governor Mario M. Cuomo of New York, who Mr. Wilder's political advisers believe will enter the presidential race as front-runner but will be seen as a free spender who represents policies that have brought Democrats defeat in the past three elections.

In the speech Saturday, Mr. Wilder mocked "those who travel to Washington to deliver blistering speeches on fiscal responsibility but then return to their home states where they have blistered their own citizens with deficit spending and other fiscal torture."

Mr. Wilder's text read like a campaign rehearsal of the themes he has talked about in the 18 months he has served as the nation's first elected black governor — fiscal conservatism, anti-establishment populism and support for abortion rights.

He has said that he would announce his presidential plans before Labor Day.

A series of missteps led some observers to believe the decision would be no. During a highly publicized battle with Senator Charles S. Robb, the Virginia Democrat, Mr. Wilder admitted that he made misleading statements about ordering state police investigation of the affair.

■ Brown Tests Waters

Edmund G. Brown Jr., the former California governor, has opened the door to a bid for the 1992 Democratic presidential nomination, the Los Angeles Times reported from Los Angeles.

Mr. Brown, 53, ran for president in 1976 and 1980.

Marriage No. 8 For Liz Taylor

Compiled by Our Staff From Dispatches

Elizabeth Taylor, screen goddess, is getting married again, this time to Larry Fortensky, construction worker.

The actress, 59, and Mr. Fortensky, 39, will exchange vows Oct. 5 at the California estate of the singer Michael Jackson.

"I always said I would get married one more time," she said in a statement. "With God's blessings, this is it, forever."

She may well have said this before — she has been married seven times.

Miss Taylor met Mr. Fortensky at the Betty Ford Center, a drug and alcohol rehabilitation center in Rancho Mirage, California, in 1988. He has been married twice. The romance flourished, according to reports, when she was near death with pneumonia last year. Mr. Fortensky smuggled a get-well present into her hospital room — a miniature goat.

"After being together for four years," she said, "Larry and I finally decided we wanted to spend the rest of our lives together." *(WP, Reuters)*

Toxic Rail Spill Hones U.S. Concern

Rules for Moving Hazardous Materials May Be Altered

By Keith Schneider
New York Times Service

WASHINGTON — The train derailment and chemical spill that poisoned 45 miles of the Sacramento River in northern California is causing the federal government to consider new rules for hauling hazardous materials.

Experts with the National Transportation Safety Board, Congress and the Federal Railroad Administration say that the July 14 accident illustrated the almost complete lack of regulations for shipping agricultural weed and insect poisons and that it raised questions about the safety of the tank car involved and the operating procedures of the railroad.

Of the more than 1,200 primary chemicals used to manufacture farm pesticides in the United States, only 80 are subject to the strict rules for labeling, packaging and transport that the Transportation Department requires for hazardous materials.

The pesticide that turned the accident into one of the most environmentally destructive in U.S. railroad history was being hauled in a tank car of the type that the safety board has repeatedly said is too flimsy to haul hazardous materials.

Most of the 1.5 million carloads of hazardous materials shipped annually by rail are carried in identical cars, known as the 111A.

And the railroad administration is investigating why Southern Pacific decided not to put a fifth locomotive at the rear of the train to help push the long and heavy load through steep and twisting canyons. Preliminary government reports show that the train was under extraordinary strain when the accident occurred.

"Here was a tank that was penetrated while carrying a substance that wasn't classified as hazardous," said Gilbert E. Carmichael, the federal railroad administrator. "How many chemicals are out there that can do what this one did that we aren't regulating? We may have to modify our whole approach to adjust guidelines and regulations."

But Carol Perkins, of the Association of American Railroads, a trade group, said the accident was an anomaly. Of the 466 accidents recorded by the industry that involved hazardous materials last year, 35 involved a spill or leak and no person was killed, the group's research found.

Citizen Action, a national environmental group, took issue in a study with the industry safety claims.

Citing federal figures, Citizen Action said in the study that the number of rail incidents involving hazardous materials climbed to more than 1,200 in 1990, a record. In addition, it said, rail accidents causing widespread environmental damage were becoming more common.

Gulf Group Schedules Talks

Reuters

KUWAIT (Reuters) — Leaders of the Gulf Cooperation Council will hold their annual meeting in Kuwait on Dec. 23, the Kuwait News Agency reported. The members are, besides Kuwait — Bahrain, Oman, Qatar, Saudi Arabia and the United Arab Emirates. The meeting will be the first since U.S.-led troops drove Iraq out of Kuwait in February.

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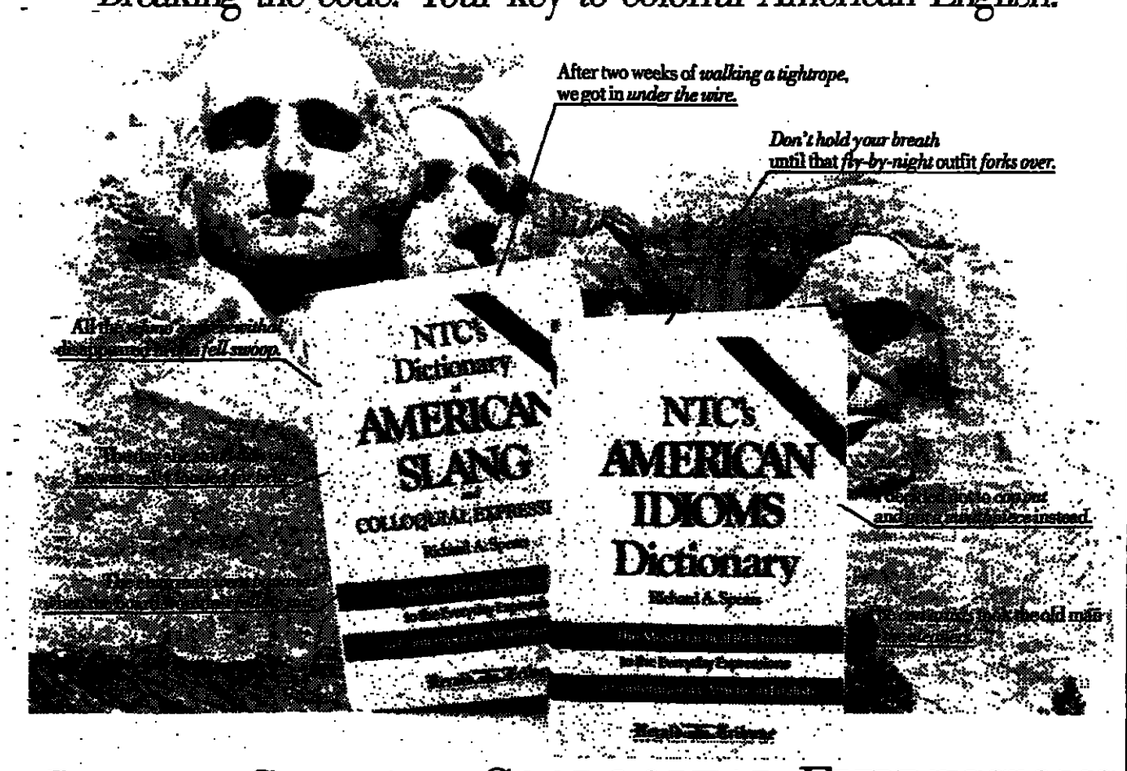

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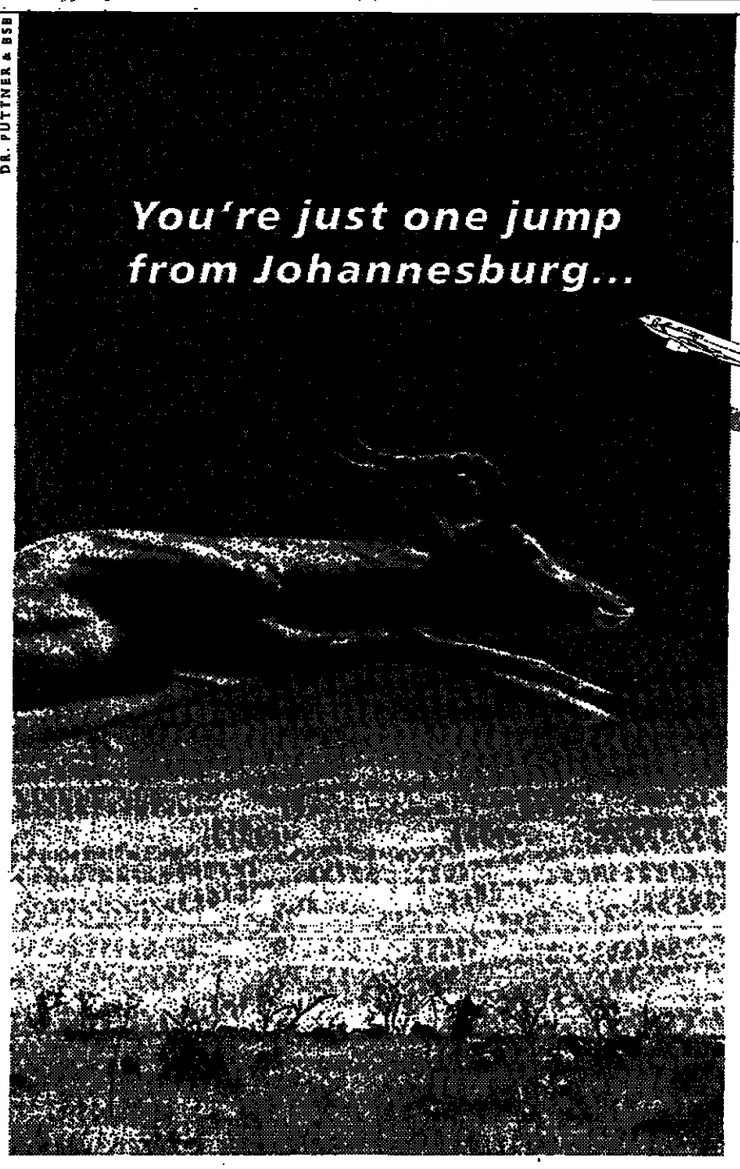

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Welcome To AUSTRIAN

2 Pretoria Officials Refuse to Resign

Compiled by Our Staff From Dispatches

JOHANNESBURG — Two South African cabinet ministers at the center of a scandal involving secret government funding of black conservative groups defended themselves Sunday and rejected calls for their resignations.

"I never regard myself as bigger than the future of this country," Law and Order Minister Adriaan Vlok said in a television interview. But, he added, "as far as the present problems are concerned, I would say, looking at it objectively, I don't think I should resign."

Defense Minister Magnus Malan, also appearing on television, said: "I am not going to yield to demands by radicals to resign."

The African National Congress and it allies issued a new demand for the resignations of the two ministers, and Archbishop Desmond M. Tutu, another campaigner against apartheid, said in a newspaper article that even President Frederik W. de Klerk might have to step down over the scandal.

"I want to give Mr. de Klerk the benefit of the doubt, and I desperately hope his role in this affair is such that he would not need to resign," Mr. Tutu wrote in The Sunday Star in Johannesburg.

"But if he personally approved of the partisan sponsorship of some groups with taxpayers' money — while claiming to others that the government was promoting even-handed negotiations — *I can see no* other option."

Mr. Vlok has conceded funding Chief Mangosuthu Buthelezi's Zulu-based Inkatha Freedom Party and its allied United Workers Union of South Africa.

Pretoria has acknowledged funneling 1.5 million rand (about $500,000) to the union over the last five years and paying 250,000 rand to Inkatha itself.

Mr. Malan's troops have been accused of taking part in massacres of black train commuters and residents of black townships to fuel strife between Inkatha and ANC supporters.

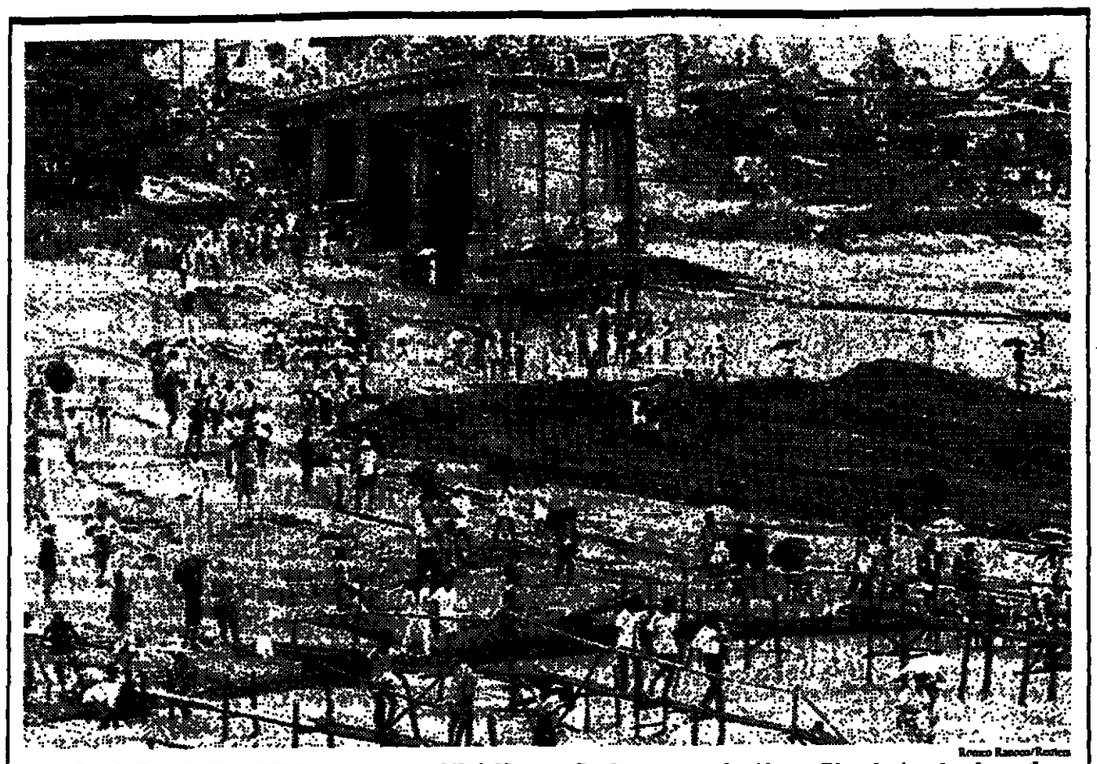
Condemning the secret aid, the ANC president, Nelson Mandela, has said that there can be no power-sharing talks with the government while it "wages war" against his organization. He has urged the international community to maintain sanctions against Pretoria.

The ANC and two close allies — the South African Communist Party and the Congress of South African Trade Unions — issued an open letter Sunday to the government after meeting to discuss the scandal.

"In the last several days, the reaction of senior government officials has been evasive rather than substantive," the letter said. "They seem not to understand the extent to which they have endangered, as never before, the possibility of a peaceful resolution to our country's problems."

The letter contained a list of demands, including the dismissal of the two cabinet ministers, the freezing of money earmarked for secret government projects, and immunity for government workers or security force members who wanted to "come clean" on secret projects.

(Reuters, AP)



Ronco Ranoco/Reuters

BRIDGING THE GAP — Filipinos using makeshift bridges on Sunday to cross the Abacan River in Angeles, in northern Pampanga Province near the Mount Pinatubo volcano that erupted last month. Sand and ash from the volcano filled in large sections of the river bed and caused the collapse of a concrete bridge. One end of the fallen span can be seen along the river's edge.

IRAQ: *U.S. Confers With Allies*

(Continued from page 1)

tion partners and the Security Council will support, administration officials said.

In addition, Mr. Bush will resort to force if necessary to prevent violent repression by Mr. Saddam inside the country and to insure that Iraq fulfills its pledge to destroy its weapons of mass destruction, officials said.

Whether the United States will prevail against Mr. Saddam remains very much an open question. Defeated on the battlefield, Mr. Saddam is by no means defeated at home, where he is relentlessly organizing the survival of his family-based regime.

Still, White House, State Department and Pentagon officials express confidence that as a result of the coalition war effort in January, Mr. Saddam has lost his ability to dominate the Middle Eastern political scene, and, they assert, this counts as the overriding factor in the allied success.

"He has been significantly diminished," said a White House official, who has taken part in policy management since the invasion of Kuwait. "One reason he is less dangerous is not just because his power has been reduced in absolute terms, but the world is so much more suspicious and prepared to cooperate against him."

As the postwar campaign against Mr. Saddam gathers momentum, significant gaps exist in the administration's policy, say critics outside the administration as well as some government officials.

Though Mr. Bush has made it plain he will not tolerate needless suffering among Iraqi women and children.

An Egyptian official in Washington said that public opinion in the Arab world has turned markedly sympathetic to the plight of the Iraqi people.

Western suspicions that Mr. Saddam is cynically promoting much of the suffering and shortages in Iraq to break support for the embargo has only retarded humanitarian efforts and prompted Washington to demand an accounting of Mr. Saddam's cash assets.

If Washington succeeds in bringing Mr. Saddam down, administration officials say, there may be a long transition before a stable leadership emerges in Baghdad — and there is no guarantee what it will look like.

"It is unlikely that any successor to Mr. Saddam, even if it is one of the fairly nasty people he keeps close to him, would exercise the same degree of authority that he does," the White House official said. "And once the process of political change is under way it is not likely that there would be one turn of the wheel and then no others."

"But clearly," he continued, "Iraq's ability to establish a normal relationship with the outside world is going to depend on normal behavior and it may be that a post-Saddam Iraq is willing to entertain the possibility of reforming its national behavior."

ISRAEL: *Assad and Shamir Keep People Guessing About Their Motives*

(Continued from page 1)

has responded with a characteristically masterful countermaneuver.

While appearing to aggressively welcome Mr. Assad's offer of direct negotiations, Mr. Shamir has simultaneously thrown up a screen of Israeli questions and demands about how Palestinians would be represented at the conference, and whether those from Arab East Jerusalem would have a role.

In doing so, officials say, he has managed to shift the diplomatic focus from the potentially uncomfortable question of whether Israel is willing to negotiate with Syria about the occupied Golan Heights to whether it is willing to talk to Palestinians from Jerusalem or the Palestine Liberation Organization — the very issues over which the Bush administration's last Middle East peace initiative broke down.

While Mr. Shamir could not reject direct talks with Syria without risking a serious political backlash both at home and abroad, his aides feel he can, if necessary, say "no," on the grounds of the PLO and Jerusalem. After all, he has done so several times in the past without any significant loss of support domestically or among Israel's key constituencies in the United States.

"You have to admit, Shamir has played it brilliantly so far," the official source said. "Now, only one of two things can happen. Either we will get what we want on Palestinian representation and Jerusalem, which would be a big victory for Shamir, and then we will go to the peace conference and Assad will be forced to show his cards. Or, the process will break down again on the Palestinian issues, but on that basis it's unlikely that Shamir will be blamed by the Israeli people or by our friends in Congress."

What intrigues many Israeli diplomats and experts is the prospect of the gambits Mr. Assad might eventually unveil at a peace conference. Most of the country's veteran corps of Assad-watchers cautiously profess to believe that the Syrian leader's agreement to negotiation was merely a tactical move, designed to transform Syrian-U.S. rather than Syrian-Israeli, relations.

Opinion here is divided even on the seemingly incontestable question of Mr. Shamir's willingness to surrender territory for peace. Despite countless assertions by the 75-year-old prime minister that he will never yield an inch of land, some Israelis suspect the Golan, or parts of it, might prove an exception.

"The fact is that the Golan Heights is not part of the historical Land of Israel to which Shamir and the Likud are committed," a government official said. "That makes it easier. There is room for maneuver there."

In a sense, the debate over Mr. Shamir, like that over Mr. Assad, merely serves to illustrate the point on which almost everyone agrees: The moves of both men over the next few weeks are almost impossible to predict with certainty.

"We are dealing here with one of the toughest, shrewdest players in the Middle East," a Shamir aide said.

Though he was speaking of Mr. Assad, most Israelis think he also could have been describing his boss.

LOTTERY: *Luck of the Irish*

(Continued from page 1)

some Irish experts to climb to 20 percent in the next year or so. Because Ireland is a member of the European Community, the Irish can travel to any other member country, and many go to Britain, but large numbers still come to the United States.

The official estimate is that there are about 5,000 Irish citizens living illegally in the Boston area. But Irish immigrant advocacy groups estimate the national total at 120,000, with nearly 30,000 here and more in New York.

For the Irish and the Polish, the next-largest group expected to apply, obtaining the green cards is critical.

"It is a matter of life and death for many Polish people," said Eva Wierzynska, an aide in the office of Representative Dan Rostenkowski, Democrat of Illinois, in Chicago. Many illegal Polish "have nothing to return to" in Poland, she said, and like the Irish, are living in fear of discovery.

The tension over the lottery has sparked ethnic rivalries and wild rumors. One rumor in the Polish community has it that the Irish have fixed the lottery in their favor through manipulation of the Postal Service.

There is also intense speculation on ways to beat the system in what a State Department official said will in effect be a "crapshoot."

There is no prohibition or penalty for multiple entries — although machine-made duplicates will be electronically filtered out — so officials expect a substantial number of applications per person. Applications received either before or after the weeklong application period, expected to be in September, will not be considered.

SUMMIT: *Changing Perceptions*

(Continued from page 1)

gories of good and evil, black and white. In the U.S.S.R. it is hard to find logic."

Gone, too, is the early illusion of *perestroika*, that the shedding of Stalinism would bring the United States and the West rushing in to bring happiness and running shoes to every Soviet family.

The decision at the summit meeting of seven Western leaders in London earlier this month to hold off on any massive aid to the Soviet Union met with considerable understanding among Soviet commentators, who agreed that it was imperative for the Soviet Union first to set its house in order.

Yet, however great the changes in the Soviet Union and its world-view, even if the United States no longer figures as the global foe or the promised land, it still remains for many Soviets "the other one," the nation by which they measure their destiny.

Whether from tradition or from a perception of the United States as the only other country that can match the Soviet Union in sheer size and ethnic diversity, America still holds a mystique that neither Western Europe nor Japan, for all their wealth, can match.

Mr. Bush may not be greeted here as Ronald Reagan or his other predecessors were, by a monolithic system eager to assert its might and legitimacy against the leader of an opposing system. There may not be the fascination and awe that the Cold War fostered in an American president.

The president, moreover, will be meeting for the sixth time with Mr. Gorbachev, and in the absence of military confrontation, the Strategic Arms Reduction treaty they will sign does not carry the drama of earlier disarmament agreements.

But Mr. Bush still represents a land that stands for many Soviets as the ultimate yardstick of democracy and market economy, and he comes as the political debate between the Kremlin and the republics, between the "center" and the "democrats," is approaching a decisive stage.

"In the time of the czars, the Russian upper class imitated the English or the French," wrote Stanislav Kondrashov in Izvestia. "In the time of the commissars, the open or tacit yardstick became America. Nuclear arms and intercontinental missiles confirmed this: It is America we have to match."

The primary significance of Mr. Bush's visit, he wrote, is that the main issue will not be Soviet-American relations, as it was at all past summit meetings, but the question of the Soviet Union's fate.

"In the time of Gorbachev, we have begun talking of becoming civilized, and the main criteria for this, once again, we see in the United States, from the two-party system and division of powers to evangelists and hamburgers."

If past U.S.-Soviet summit meetings were contests of opposing systems, Mr. Kondrashov wrote, now the contest has shifted to the domestic political arena, and Mr. Bush comes not as adversary but as arbiter.

The opposition will claim him as an ally in the struggle for profound reform; Mr. Gorbachev will tout him as proof of his own importance as an irreplaceable contact with the West

MIDEAST: *Israel Urged to Reply*

(Continued from Page 1)

mit talks between Mr. Bush and Mikhail S. Gorbachev. The two presidents will hold two days of talks in Moscow beginning Tuesday.

The United States had hoped Israeli questions could be resolved so that Moscow and Washington, as co-sponsors of the peace conference, could issue joint invitations during the summit meeting. But Washington has stressed that it is not imposing a deadline for an Israeli response.

There has been widespread speculation that Moscow and Washington might first issue formal invitations to a peace conference and then seek to resolve procedural matters with the parties. Mr. Churkin indicated that the question of invitations would be discussed when Secretary of State James A. Baker 3d and Foreign Minister Alexander A. Bessmertnykh met Monday in Moscow.

The Republican leader in the U.S. Senate, Bob Dole of Kansas, cautioned the White House against issuing invitations before Mr. Shamir has responded.

In a television interview Sunday, Mr. Dole said: "I think it might be counterproductive to try to, in effect, force Shamir to the peace table."

He added, however, that the continued construction of Israeli housing in the occupied territories would jeopardize congressional backing for some $10 billion in U.S. loan guarantees that Israel is seeking.

Mr. Arens restated his government's assertion that Israel and the United States had agreed that there would be no PLO or East Jerusalem representation on a joint Jordanian-Palestinian peace delegation. The United States, however, has not confirmed that.

In Jerusalem, Mr. Shaki was quoted as saying: "Israel has in principle said yes, but this yes is conditioned by the Palestinians not being from East Jerusalem and not being PLO, that's all."

Palestinian leaders say Israel should not dictate the makeup of its delegation.

Mr. Arens said Israel was happy that President Hafez Assad of Syria was "willing to sit down with us."

The Israeli said he envisioned a day and a half or two days of preliminary meetings, then direct bilateral talks between Israel and Syria, and between Lebanon and the Jordanian-Palestinian delegation, without interference from the conference sponsors.

BAKER: *In Mongolia, a Quest for the Elusive Ibex*

(Continued from page 1)

right away and saying he wanted to address Mr. Baker in English.

Despite their economic troubles, including a crumbling Soviet-style infrastructure, the Mongolians made special efforts to make Mr. Baker's visit more comfortable, as they did last August when a previous trip was cut short by the Gulf crisis.

They also lent Mr. Baker the presidential plane, a twin-engine propeller craft, to make the trek through the Gobi Desert accompanied by government officials.

Mr. Baker, an avid outdoorsman, was stung by a controversy last year over whether he would hunt the exotic and endangered argali sheep on a planned visit to the Gobi. He denied that he had intended to hunt the rare species and, after Iraq invaded Kuwait on Aug. 2, was forced to abandon his plans to tour the desert.

Armed only with binoculars, Mr. Baker plunged into the trip this year with relish. Accompanied by his wife, Susan, and several dozen aides and reporters, he made no secret of his enthusiasm for the terrain and the prospect of spotting the argali and the ibex.

After a lengthy drive Saturday through the desert and into the mountains to an elevation of 2,100 meters (7,000 feet), Mr. Baker hiked to the top of a peak with his Mongolian guide. There they spotted the first ibex — 350 meters away on another hill. The search went on till sundown.

As the caravan of jeeps raced back to camp, Mr. Baker stopped at a farm and sampled sour curds and yogurt made from camel's milk. He ate and drank while sitting in a ger, the traditional round home of Gobi nomads.

Wanting to see more, Mr. Baker decided to get a head start the next morning and raced out of the camp at 5:30 A.M. But he and his entourage were soon enveloped in a cold, windy fog that made driving in the mountains treacherous. He said he had spotted two argalis running across the valley in the murk, but he was clearly cold and frustrated. After spotting a few more ibex in the distance and hiking through a mountain canyon, Mr. Baker, still disappointed, watched as his Mongolian host butchered and roasted a goat for lunch.

Nearby, he stopped to visit another ger whose owner had an ibex trophy on the roof, complete with large horns. Mr. Baker asked how it had been killed and was told that it had been attacked by snow leopards. The owner offered him the trophy, but he refused. Then Mr. Baker told reporters to be sure they recorded how the ibex had been killed — by a leopard, not by the secretary of state.

On Cresson, Japanese Critic Tells Officials How to Handle a Woman

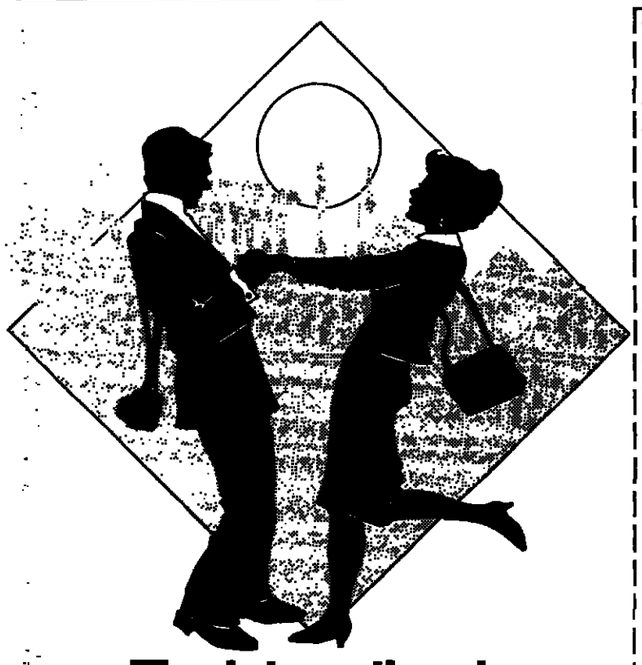
Agence France-Presse

TOKYO — A Japanese minister said Sunday that criticism of Japan from Prime Minister Edith Cresson of France should be attributed to her "female sensibilities."

Eiichi Nakao, minister of international trade and industry, made the remark at a Liberal Democratic Party meeting in Karuizawa, a resort north of Tokyo.

"There is no need to feel resentment of or hold a grudge," he said. "Her views may be said to be due to her female sensibilities."

Since her appointment as prime minister in May, Cresson has repeatedly attacked Japan for its trade practices.



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61 Washout

Solution to Friday's Puzzle

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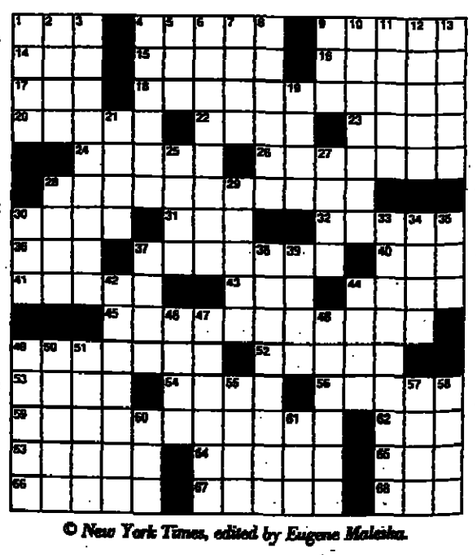

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U.K. Allowed Iraq Nuclear Materials

By Craig R. Whitney
New York Times Service

LONDON — The British government allowed exportation to Iraq between 1987 and August 1990 of "tiny quantities" of radioactive materials as well as chemicals that scientists said could be used to make nerve gas. But the government has denied that these materials could be put to offensive military use.

Peter Lilley, secretary of state for trade and industry, said a rising political uproar over the government's acknowledgment to a parliamentary committee that uranium, plutonium, thorium and sensitive chemicals had been among the materials on the list of goods permitted for sale to Iraq was "a lot of fuss over nothing."

But the Labor Party opposition called Saturday for a full investigation. Last year, Mr. Lilley's department raised no objections to the exporting of huge metal tubes that Iraq has since acknowledged were for long-range "superguns." The tubes were stopped at the dock by suspicious British customs inspectors.

Mr. Lilley said in a statement that all exports to Iraq up to the time they were halted, three days after Iraq's invasion of Kuwait last Aug. 2, had been subject to detailed scrutiny by the Foreign Office and the Defense Ministry.

"Permission would, for instance, have been given for the export of tiny quantities of radioactive chemicals, for use, for example, in or as an integral part of medical equipment," the statement said. A spokesman for Mr. Lilley described the quantity of radioactive materials exported as "microscopic" and said they would not have been usable in the Iraqi nuclear weapons program.

Mr. Lilley's statement said the exporting of chemicals would be permitted if the government was satisfied that "they were to be used for non-military purposes" and if stringent checks were made.

Kenneth Warren, an engineer and a Conservative member of Parliament who heads the committee investigating exports to Iraq before the invasion, told the newspaper The Independent that he did not know of any civilian application for depleted uranium, one of the materials on the list, and he added that it could be used in anti-tank armor-piercing shells.

The British government had placed an embargo on all exports of offensive military equipment to Iraq because of the Iran-Iraq war. Its five-page list of products that could theoretically be licensed included air defense simulators, aircraft, armored vehicles, artillery fire control, ejection seats, encryption systems, hostile-fire indicators, lasers, naval spares, night-vision equipment and tank helmets, as well as depleted uranium, deuterium gas, isotope containers, plutonium, thorium, uranium, and zirconium, all of which could be used in a nuclear weapons program.

The Department of Trade and Industry also told the committee that it had permitted the exporting in 1988 and 1989 of $300,000 worth of thiodiglycol.

Russian Says Iraq Takes Risk if It Lies on Nuclear Potential

By Jim Hoagland
Washington Post Service

MOSCOW — The Soviet diplomat dealing with the Middle East has warned that Iraq risks "grave consequences" if it withholds or falsifies information about its nuclear weapons program in violation of United Nations resolutions.

While emphasizing that Moscow neither wants nor expects renewed military action against its former Arab ally, Deputy Foreign Minister Alexander M. Belonogov said that Baghdad "should not make the same grave mistake again" of underestimating the resolve of the coalition that drove Iraq from Kuwait in February.

In an interview, Mr. Belonogov attached a significant condition to Soviet support for renewed coalition action against Iraq, however. He said such action would have to be authorized by a new UN Security Council resolution.

The United States argues that existing UN authority would cover renewed attacks to destroy any nuclear, chemical or biological weapons facilities that Iraq fails to turn over to UN supervision, as it agreed to do in accepting Security Council Resolution 687 and its cease-fire terms.

With President George Bush arriving here Monday night for a two-day meeting with President Mikhail S. Gorbachev, U.S. officials have stressed in recent days that no immediate U.S. military action was likely against Iraq. This, they say, holds despite accusations that Baghdad failed to meet a July 25 deadline for full disclosure of its materials believed to be designed to make nuclear weapons.

"The United States is in a menacing posture, but I think one should look at what its intention really is," Mr. Belonogov said. "I don't see that there is much inflammable material in this issue at the moment. The Security Council is working. Special investigating teams are working. There probably won't be a need to go into much detail on this."

Mr. Gorbachev told Mr. Bush during a meeting in London on July 17 that the Soviet Union wanted the new confrontation with Iraq resolved by peaceful means, according to a U.S. official. But Mr. Bush and Secretary of State James A. Baker 3d did not interpret that statement as ruling out Soviet support if military action became necessary, the official said.

Mr. Belonogov's remarks offer support for that view.

"If Iraqi authorities are trying to hide something they won't succeed," he said. "We would like to believe that this time their statements are complete and absolutely true. If it is proven that they are hiding something, if that becomes clear, then the Security Council would have to consider what to do next."

Mr. Belonogov, a former ambassador to Egypt, said Soviet and U.S. officials were working on the wording of a joint invitation for a Middle East peace conference that could be announced during the summit meeting. But U.S. officials have indicated that the timing of the invitation could depend on acceptance by Israel and Palestinian representatives of proposals put to them by Mr. Baker a week ago.

Mr. Belonogov asserted that Moscow, working closely with Washington, had used its influence to get Syria to take part in the conference and to persuade the Palestine Liberation Organization not to oppose it.

"What is happening is a result of cooperation between Washington and Moscow, not just an American initiative," Mr. Belonogov said.

He was sharply critical of the PLO, which he said had been "morally, politically and practically wrong in supporting the arrogant aggression of Iraq against Kuwait."

"I can't understand the attitude of Yasser Arafat and other Palestinian leaders," he said.

"We are for direct participation of the PLO in the peace conference, but we see what the realities are," he added, alluding to Israel's concerns about Palestinian representation at the meeting. He said he had urged a Palestinian delegation that visited here over the past week to agree to a joint Jordanian-Palestinian delegation and to delay the issue of Jerusalem for a later stage of the peace process.

Palestinians are demanding the right to send at least one representative from predominantly Arab East Jerusalem, which Israel annexed shortly after seizing it in the 1967 war. Israel opposes that.

Iraq Yields New Information to UN Inspectors

Compiled by Our Staff From Dispatches

BAGHDAD — Iraq gave a team of United Nations inspectors fresh information on Sunday as they began their search for further evidence of an Iraqi nuclear weapons program.

"There were new items as well as answers to questions that we asked," said David Kay, the head of the team. "It was information on their program — material status, nuclear activities, nuclear program."

Iraq volunteered some of the information, he said.

Iraq is obligated to declare and destroy its weapons of mass destruction under the terms of the cease-fire imposed after its Gulf war defeat at the end of February.

President Saddam Hussein, in an emotional attack on the UN trade embargo, which is linked to the nuclear arms issue, told Iraqis over the weekend that Western leaders hate them and want them to starve.

Mr. Saddam's comments appeared designed to build support for his government by capitalizing on anti-Western sentiment among Iraqis over the sanctions, which were imposed after Iraq's invasion of Kuwait in August.

The United States, which has threatened to attack Iraq if it does not disclose all its nuclear secrets, said last week that Baghdad had failed to make a full disclosure by the July 25 deadline.

Mr. Kay, an American, led an earlier inspection team that discovered evidence forcing Iraq to admit it was enriching uranium.

His latest team, from the Vienna-based International Atomic Energy Agency, arrived on Saturday and on Sunday visited Tuwaitha, southeast of Baghdad, where Iraq had set up a secret uranium-enrichment program.

Iraq, which insists its nuclear programs are for peaceful research only, was enriching uranium through the expensive and cumbersome electromagnetic separation method the United States used to make the atomic bomb it dropped on Hiroshima, Japan, in 1945.

It made the machines used in the technique itself but says it only succeeded in slightly enriching about half a kilogram (one pound) of uranium.

Mr. Kay said he had requested further information from the Iraqis.

"It's a continuing mapping effort to try to understand the whole program," he said. He said the effort involved "a series of inspection teams going to different and the same sites, asking questions, getting some answers, re-asking questions."

Mr. Saddam, in an address on Saturday, asserted that Western countries cared more for stray dogs and cats than for the Iraqi people.

"How can man live if he does not eat?" Mr. Saddam told families from the Shiite holy city of An Najaf. "This is the simplest right of a human being, a right to which everyone should be strongly committed."

In the West, he said, "there are organizations for the welfare of cats and dogs, to protect them, to feed them."

"I am saying this because I want you to know how they are lying," he said. "They are starving 18 million Iraqi people."

His comments were widely distributed by the state-run media.

Iraq has asked the United Nations to ease the blockade and to allow it to export $1.5 billion in oil to raise money for food and medicine.

Fatal Argentine Prison Riot

Agence France-Presse

SANTA ROSA, Argentina — Twelve prisoners died after setting fire to their own cellblock during a riot, prison authorities said. The men barricaded the doors of the cellblock here Saturday and then set fire to mattresses to protest prison conditions, authorities said.

Flag Producers In Israel Hope For the Best

Reuters

JERUSALEM — While the world awaits an Israeli response to U.S. peace proposals, optimistic flag makers want to be ready for any talks with the enemy.

A carefully folded Syrian flag sits in a corner of Kalman Berman's small flag factory in Jerusalem, out of sight to anyone passing the open door.

Two weeks ago President Hafez Assad accepted U.S. terms for a Middle East peace conference. Israeli leaders were skeptical, but not the flag makers.

Mr. Berman's competitor, the Leeman-Weisman factory in Tel Aviv, which made the first flags for the state of Israel when it was established in 1948, is also rushing out Syrian flags.

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OPINION

A Summit of Allies

The possibility has been a long time coming, but it is startling nonetheless. After six years of Mikhail Gorbachev's warming winds, the Cold War is over and it is now reasonable, as Presidents Bush and Gorbachev prepare to meet in Moscow on Tuesday, for their countries to think of each other, in fundamental ways, as allies.

Not since Yalta has the thought been even thinkable. For half a century the superpowers stood locked in fearsome, fearful hostility. Yet now they share four goals, a fact that makes the idea of alliance more than a semantic flourish. And at this summit meeting the two leaders can make progress toward all four.

The common first purpose can be stated simply: to integrate the Soviet Union economically and politically into the world, and give it a stake in peaceful relations with its neighbors. Communism's thrust toward worldwide revolution has masked the insularity of the Soviet Union. It was protectionist in profound ways, trying to keep out people, goods and, above all, ideas. Now some Soviet leaders want to integrate the country with the West, open it, transform it.

That has long been America's hope. Yet it is naive to assume that the transformation will necessarily be liberalizing. The shock of a collapsing economy and shattered values is certain to spark reaction, and possibly conflict. That raises the second common goal. The West cannot afford to stand by and watch the struggle of Westernizers in the Soviet Union without trying to help.

The United States and the Soviet Union also share a common enemy — the destabilizing force of weapons proliferation. Both countries need time for cutting arms and making plowshares, and need assurance that competition among nations will not assume a threatening form. That requires collaborative efforts at controlling the spread of nuclear, chemical, biological and conventional weapons.

There is no guarantee that even energetic collaboration can succeed; the most obvious recent evidence is named Saddam Hussein. Hence the fourth joint Soviet-American purpose: to promote collective security. Traditional alliances pit some countries against others. Collective security aggregates many against an aggressor. That approach was tested in repelling Iraq.

George Bush can do much to advance these goals in Moscow. He can grant most-favored-nation trade status — and speed up economic engagement. By meeting with Boris Yeltsin and the leaders of other republics and addressing the Ukraine's parliament, he can lend moral support to far-flung reformers. Mr. Bush also can cooperate in converting Soviet military production and curbing arms sales. And he can discuss ways to act collectively for peace in the Middle East and the Balkans.

Much good can come of this summit meeting if, in short, both men act like allies.

— THE NEW YORK TIMES.

Pre-Election Economics

With each hint of weakness in the American economy, the Bush administration renews its demands for lower interest rates. The president's lieutenants know that trying to push rates down is wrong as a matter of policy and that these repeated appeals, by inciting fears of inflation, are dangerous as a tactic. But they can't help it. The prospect of a flat economy in an election year is too dreadful to contemplate.

The White House was talking again on Friday about the desirability of easier money, as the government published the preliminary figures for last spring's GNP. The GNP grew at the very modest annual rate of 0.4 percent in the spring quarter. But that number is not likely to prove significant. It covers the months in which the recession reached its trough and growth resumed. So far, so good.

But the persistent flaws in the American economy are illustrated in this spring's turnaround. It is being led by consumers' spending, which was sufficient to offset continuing declines elsewhere, most notably in business investment. Exports were up, but imports were up much more. That is the story of the past decade — high consumption and low savings, leading to low investment and meager gains in productivity, leading in turn to very slow progress in raising the standard of living.

In its campaign for lower interest rates, the White House adamantly refuses to acknowledge that American rates remain high for reasons over which the United States government has very little influence — not the president, not the Federal Reserve Board, not any other agency. The country has been living well on enormous amounts of imported goods, bought with money borrowed from the rest of the world. But the rest of the world, meaning particularly Japan and Germany, is now lending less abroad because of requirements at home, and the result is a shortage of capital in the United States. That is why long-term interest rates, the ones that count, are 4 percentage points higher than the inflation rate, an extraordinary margin.

But Americans love shopping, and it is personal consumption that is pulling the economy into a recovery while business investment continues to languish. The national inclination in favor of spending and against saving is now deeply embedded in the culture. Students of the subject can debate whether this rather reckless swing in mood created Ronald Reagan, or whether he created it. A wise historian would probably answer: both.

Poor performance of the economy and a stagnating standard of living helped mightily to elect Mr. Reagan in 1980. He brought changes that produced a long, happy boom. But now the boom has ended, and his successor is preparing to run for re-election. The economic malfunctions of the 1970s are still visible, most of them aggravated by long neglect.

— THE WASHINGTON POST.

Spotlight on de Klerk

President F. W. de Klerk can expect a concerned global audience when he reports to South Africa on Tuesday about a burgeoning slush fund scandal. He has to account for what looks like a determined police effort to divide and destabilize his country's huge black majority.

Mr. de Klerk's government has now acknowledged that it engaged in covertly funding Inkatha, the Zulu-based movement led by Chief Mangosuthu Buthelezi, the foremost rival of the militant African National Congress. And now comes the revelation that Pretoria lavished $35 million in secret subsidies on its allies in neighboring Namibia to tilt the results of Namibia's 1989 independence elections.

The prime casualty of these disclosures is Mr. de Klerk's reputation. Whether the scandal also poisons hopes for democratic change depends on his candor and courage in making amends. Leaked documents published in an anti-apartheid newspaper, The Weekly Mail, have blown away Pretoria's denials of aiding Inkatha. Nor can anybody take seriously the official justification that $87,000 was supplied solely to assist Inkatha's anti-sanctions campaign. Police also secretly provided $500,000 to an Inkatha trade union formed in 1986 to compete with a union allied with the ANC.

Government apologists have tried to contain the damage by pointing out that the ANC and the leftist SWAPO movement in Namibia have also taken money, from foreign donors such as Cuba and Libya. But that aid was openly solicited and freely acknowledged. Confirmation of secret aid to Inkatha makes more plausible a more ominous charge: that Pretoria's security police helped foment bloody clashes in black townships to discredit the ANC and advance the cause of Chief Buthelezi. This has been denied by Mr. de Klerk, who insists that all covert support for Inkatha ended last year.

Labored apologies and reiterated denials will not suffice, notwithstanding Mr. de Klerk's previous achievements. Only a convincing housecleaning, beginning with cabinet culprits, can restore trust in his government and redeem the hopes that his reforms have nurtured. Whether he can manage this feat is an open question. He presides over an oppressive bureaucracy trained to regard blacks as inferiors. Changing that outlook will be even harder than changing a constitution that enshrines white privileges. Mr. de Klerk's reputation as well as South Africa's depends on his skill and good faith in confronting the follies of his government's making.

— THE NEW YORK TIMES.

Other Comment

The Nonproliferation Treaty

Unlike India, Pakistan and Israel, co-suspects among the gang of secret bomb-builders, Iraq had signed the Nuclear Nonproliferation Treaty, promising not to acquire the wherewithal to build nuclear weapons. The idea was to get as many countries as possible to sign up, in the hope of casting a cloud of disapproval over the would-be proliferators. Instead the treaty has cast a cloak of respectability over cheaters like Iraq (and probably North Korea). It's better than nothing, the argument used to run. But unless it is fixed, the NPT may be worse than nothing: If it is misleading about some countries, others will be tempted to cheat, or pull out.

— The Economist (London).

Common European Policy?

The Yugoslav crisis has dramatically demonstrated to the public at large the limitations of "common European foreign policy." Differences on whether Yugoslavia should carry on as one state, and at what price, have so far prevented the establishment of a strong common policy. The Community can exert economic pressure on the fighting factions, but that is obviously not enough to cool passions. As long as the EC governments stick to their stated policy of not recognizing the secessionist republics, they will be renouncing the only instrument of political influence they have at their disposal at this stage.

— Frankfurter Allgemeine Zeitung.

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'Bootstraps Gorbachev . . . what d'you think?'

A Summit Down in Gorbachev's Vista-less Valley

By Jim Hoagland

MOSCOW — Think of the Bush-Gorbachev encounter here as a wooded valley rather than a summit. It is a pleasant place to pause, but the view of what comes next in superpower relations is hidden by surrounding uncertainties and underbrush. There is no peak offering a clear view.

In this encounter, George Bush will make his fourth attempt in a little over a year to shift the focus of U.S.-Soviet relations from arms control to economics and political cooperation. The president has told aides that he wants to "begin defining the relationship for the 1990s" in the Moscow meeting.

But that ambitious goal underestimates the problems posed by Mikhail Gorbachev's debilitating weaknesses and his strategy of muddle and anticlimax. These weaknesses raise the question of whether there is much point anymore to superpower summits, beyond the obvious need to check in with each other from time to time.

The time of superpower summits regulating world affairs has come and gone, like Day-Glo posters or the handlebar mustache. Superummits were a necessary ingredient of a bipolar world in which the need for arms control accords was clear and urgent.

In their recent meetings in London at the Group of Seven summit, Mr. Bush and other Western leaders found a desperate Mr. Gorbachev trying desperately not to look desperate. The Soviet leader's failure to acknowledge the severity of Soviet problems puzzled Mr. Bush and lowered U.S. expectations for the Moscow encounter.

Instead of asking for a rescheduling of the $12 billion to $15 billion in hard currency debt that has to be paid this year (out of a total foreign debt of about $65 billion), Mr. Gorbachev asserted that Moscow was paying its bills and would continue to do so.

This contradicts a widespread expectation among European bankers that a moratorium on Soviet debt repayments will have to be declared in a matter of weeks if Moscow does not sell off gold and platinum reserves to raise hard currency. In an interview here, former Foreign Minister Eduard Shevardnadze told me that Moscow has already begun "a de facto rescheduling of some debts."

In London, Mr. Gorbachev cut off discussion of independence for the Baltic states by saying that he had already resolved the difficult problems of the Kremlin's relations with the Soviet Union's 15 republics. "It's not a problem," was his message, one summit participant said.

The Soviet president also made clear to Mr. Bush that there was no point in pushing him on Cuba in the Moscow meeting, despite Mr. Bush's declarations that continuing Soviet aid to Havana makes U.S. financial help to Moscow politically impossible. "We get more than we give" in dealing with Cuba, Mr. Gorbachev told the group. He argued that they misunderstood the economic relationship between Moscow and Havana. But the statistics on sugar imports he offered left the G-7 leaders even more confused.

Throughout the G-7 meeting and the bilateral sessions, "Gorbachev adopted an air of feigned puzzlement" over the West asking him to do more than he has already done, a senior U.S. aide recounts. "He said that he had cut defense spending 29 percent, making us wonder if he was saying he could not cut any more," said a summit participant. Mr. Gorbachev did not clarify this point when Canadian Prime Minister Brian Mulroney asked him directly if that was his meaning.

Mr. Bush, Mr. Mulroney and British Prime Minister John Major were unable to pin him down on his plans to stabilize the collapsing Soviet economy and on his renewed struggle at home with Communist Party hard-liners. Mr. Gorbachev offered no hint in those meetings that he was considering quitting the party, although he did have guarded words of praise for the new democratic movements.

In Washington and Helsinki last year and in London this year, Mr. Bush told Mr. Gorbachev that he wanted to clear away the underbrush that impeded a normal U.S.-Soviet economic and political relationship. After each meeting, Mr. Gorbachev has retreated on his pledge of decisive action at home. His struggle with the hard-liners has come to resemble a rerun of "The War of the Roses," the film about an embittered couple who destroy the house each covets rather than divorce amicably. Mr. Gorbachev and the hard-liners appear ready to skirmish endlessly over the considerable assets the party controls.

Mr. Gorbachev's preoccupation at home leaves Soviet-U.S. relations marking time after an era of dramatic change. He shrinks from the straightforward declarations on private property and free enterprise that would open the way for economic recovery and foreign investment, while Mr. Bush repeats that he has no money to help Mr. Gorbachev in any event. In these circumstances, the dialogue about economics that Mr. Bush seeks is doomed to be a dialogue of the deaf.

The Washington Post.

Trying to Help Gorbachev Climb Out of the Woods

By Leslie H. Gelb

NEW YORK — This week's Bush-Gorbachev meeting has the air of a last superpower summit, the farewell to the dramatic days when Washington and Moscow seemed to hold the worldwide reins of war and peace — the ritual end to a titanic bipolar struggle that sucked up energies and resources and lives, yet effectively maintained a nuclear peace.

Compared to the Cold War meetings, this will be a Potemkin summit. The United States and the Soviet Union, separately and together, no longer shape global destiny.

Which does not mean that summits are useless, and which raises two questions:

First, what will replace the superpower forum as the organizing vehicle or principle for international politics? The short answer is: no single grouping of states, but ad hoc arrangements. President George Bush is already practicing this approach skillfully, although he has botched its articulation. Ad hocism is the most that can be done to bring some semblance of peaceful change to an increasingly messy and fluid world.

Second, what will be the value of this and future Soviet-American summits? The short answer is that they will become one of many needed clearinghouses for dealing with the old issues like arms control, the Middle East and Afghanistan.

But such meetings can also become an effective means for Washington and Moscow to confront their most important mutual concern — the Soviet Union itself. For all Mr. Bush's talk about a new world order, he frets about Mikhail Gorbachev's political survival and the disintegration of the Soviet Union. The American president is simply most comfortable in the orderly old bipolar world. As much as he would like to hang on to it, however, he knows he needs a new security policy.

He has made collective security his rhetorical trademark, yet he knows its limitations. It worked well enough in the Gulf war. But the Iraqi threat was egregious and near universal, and thus is unlikely to serve as a model.

In any event, the United Nations is constituted to handle only old-model wars — one nation attacking another. It will always resist intervening in current-style conflicts — civil wars and wars of national independence. Such intervention is too likely to end up one day in one's own back yard.

Nor are regional security groups eager to police "internal" wars. True, African states did the job recently in Liberia. But the highly touted Conference on Security and Cooperation in Europe ran away from the imbroglio in Yugoslavia.

The European Community, led by Britain, France and Germany, could not get its act together there, either. And these European organizations are generally better positioned than their counterparts on other continents to take such action.

It is similarly unrealistic to expect the leading industrialized democracies to step into and up to political-military quarrels. Their interests simply are not sufficiently convergent on these matters. That should not be surprising given their paltry performance in coordinating economic policies, the Group of Seven's principal reason for being.

All of which points to an even larger role for the United States. Forget this idea. Although the United States is now the lone superpower, it is so by default. It no longer has the economic strength to make the sacrifices required to run the world, and could not do so anyway.

Mr. Bush has taken the far wiser course. He is energizing every available combination of states to confront specific problems on an ad hoc basis, from free trade to missile sales to Cambodia. And where most conflicts will be internal and economic, that is the only sensible approach.

Mr. Bush goes to the Moscow summit in just this spirit. He is planning to spend most of his time on Soviet internal politics and economics. He will give primary attention and help to Mr. Gorbachev, a proven friend who has bravely overthrown Communist totalitarianism and finally committed himself to a confederal and democratic future for his country. But he will also confer with Boris Yeltsin, Gorby's arch-rival, just in case. Then he will visit the Ukraine to underline America's support for confederation.

In the bad old days, Soviet leaders would go ballistic at any mention of their internal situation. Now it is the only subject they want to discuss. And it is precisely the right focus for Soviet-American summitry in a new, nonpolar and disorderly world.

The New York Times.

Back Again to the Nuclear Planners' Drawing Board

By John C. Ausland

This is the first of two articles.

OSLO — George Bush and Mikhail Gorbachev have a date this week to sign the START treaty. It has been incubating for nearly a decade, so no one will accuse them of undue haste. If it is anything like SALT-1 and 2, the delegations in Geneva have been breaking their backs to get the voluminous treaty text in order.

In the case of SALT-1, the task of both delegations was complicated by Henry Kissinger's wish to keep them in Helsinki while he negotiated with Leonid Brezhnev in Moscow. I heard some merry tales about this when I joined the SALT-2 delegation as executive secretary in early 1973. Gerard Smith, head of the SALT-1 delegation, later gave a bitter account of this episode in his book "Double Talk."

With the aim of instilling more discipline into the delegation, President Richard Nixon and Mr. Kissinger instituted a purge. The only full-time carryover was Paul Nitze, who represented the secretary of defense. This was an irony, since Mr. Nitze later resigned in protest against Watergate. During the Carter administration he was one of the leaders of the group which prevented ratification of the SALT-2 treaty.

It remains to be seen whether the START treaty will enjoy a kinder fate. Since it calls, for the first time, for a reduction in the number of nuclear warheads in the strategic forces, it is doubtful that the Senate will reject it, even though the reductions fall short of those promised. The treaty may have a rougher time in Moscow than in Washington.

A more profound question is what effect the START treaty will have on the world we live in. Will it make nuclear conflict less likely?

To understand nuclear weapons you have to put aside normal rationality, which finds it impossible to contemplate deliberately killing perhaps a quarter of a billion people. Nuclear weapons have a logic of their own, resting on the concept of deterrence. The assumption is that if the other guy is sure he will perish in an attempt to kill you, he will not make the attempt.

The obvious weakness of this concept is the assumption that leaders are rational and do not harbor a desire to die. Thus far, this supposition has proved correct, even though recent events in the Middle East have cast a shadow on it.

As with most of what it does, the Pentagon has concentrated on the Soviet Union. At least it has done this since the Kremlin acquired the capability to wreak considerable damage on the United States. Since 1961, Pentagon strategic nuclear planning has taken the form of the Single Integrated Operations Plan, or SIOP.

When I was involved in such things in the 1960s, SIOP was a closely held secret. Since then, researchers and journalists have revealed its mysteries to the public. Desmond Ball, an Australian scholar, was the pioneer.

The plan is a series of options for attacking the Communist countries with nuclear weapons. Traditionally it has given priority to attacking military forces. More recently there has been greater emphasis on developing a variety of options, including attacking (or not attacking) the Soviet leadership.

In addition to SIOP, the U.S. commanders in the various potential war theaters also have nuclear plans. During the 1960s and '70s, thousands of nuclear weapons were dumped with little thought into Western Europe. The U.S. Army, for example, decided on how many artillery warheads it needed by dividing the length of the front by the width of a nuclear burst.

In the 1980s, when the German public finally discovered what was going on, a great many of the warheads in Western Europe were withdrawn. This could not have been brought about easily, for the nuclear lobby in Washington is powerful. I discovered that in the late 1960s when I pointed out the vulnerability at that time of some nuclear weapons in South Korea to being overrun by any North Korean attack.

Successive NATO commanders have tried to make sense out of the nuclear weapons they inherited. General John Galvin is no doubt not having an easy time with this, given the force and warhead reductions imposed on him, the disappearance of his cruise missiles and Pershings, and the unlikelihood that he will get the new missile he wants.

Although military men like to give publicity to most of their exercises, you are unlikely to hear about those concerning nuclear weapons. This applies particularly to those related to SIOP. This is understandable. One in which I participated involved the simulated prompt death of 35 million Americans as a result of a Soviet nuclear attack on the United States. This is not the kind of thing generals and admirals (or politicians) like to bring to the attention of the public.

If the U.S. and Soviet governments ratify the START treaty, planners at the Strategic Air Command headquarters in Nebraska will have to return again to the drawing board. They will have fewer warheads, but they will also have fewer Soviet nuclear weapons to target.

One must hope that they have already changed their plans so as to eliminate the option of nuclear attacks on the East European countries. Paradoxically, this gives them more warheads to devote to the Soviet Union.

The writer is a former director for planning in the political-military office of the State Department. He contributed this comment to the International Herald Tribune.

The Signal To East Asia Is Unhelpful

By Gerald Segal

LONDON — The START treaty should be welcomed in many parts of the world where superpower conflict created a greater risk of nuclear war. But for countries in East Asia, satisfaction must be tempered by concern that this looks like the last nuclear arms control agreement for some time.

Intercontinental missiles are heavily deployed in both the Asian and the European sectors of the Soviet Union. The United States has submarine-based ballistic missiles in the Pacific and the Atlantic. The START reductions will make only a minor dent in the overkill of superpower arsenals, but the shift to more mobile and less vulnerable weapons goes some way to reducing the risk of unintentional war. And the drawdown may reduce the risk of nuclear weapons falling into the hands of less careful forces should the Soviet Union disintegrate.

Even more important is the package of verification procedures in the treaty that will allow regular inspection of Soviet facilities. At a time of uncertainty about the political intentions of the Soviet armed forces and about the risks of losing control of nuclear weapons to dissident factions, such verification takes on added importance. A developing practice of verification of such sensitive elements of superpower arsenals demonstrates a real commitment to interdependent security.

China, East Asia's only declared nuclear power, as well as North Korea and other potential nuclear states in the region have so far failed to engage in formal arms control. They might be expected to learn from this example of superpower dialogue and agreement.

Japan is the only East Asian state that has shown interest in shaping the nuclear arms control agenda, for example when it helped press Moscow and Washington for a ban on intermediate-range nuclear weapons in 1987. Most East Asians have been slow to accept that modern security is interdependent and is usually enhanced by negotiation and verification.

It is precisely because of the different, and to some extent underdeveloped, approach to arms control in East Asia that there must be concern that this superpower accord looks like the last for some time. Given the reluctance to discuss nuclear weapons issues in multilateral forums in East Asia, there is no obvious way in which controls can be exerted on China.

It had been hoped that a superpower accord that made deep cuts in strategic arsenals would lead to a START-2 or even a START-3 that involved the other declared nuclear powers — Britain, China and France. It now seems unlikely that these medium powers will be subjected to negotiated cuts. China can continue to [illegible] its nuclear program in secrecy, while France will continue testing its nuclear weapons in the South Pacific despite widespread opposition in the region.

The failure of the superpowers to move decisively to a minimum deterrence posture will mean that Soviet submarine-launched ballistic missiles based in the Sea of Okhotsk will take on increased strategic importance. Thus, the four disputed Kuril islands seized from Japan by Soviet forces at the end of World War II seem even less likely to be returned.

U.S. reluctance to engage in naval arms control will probably harden as the U.S. Navy insists on the strategic importance of being able to move freely in the Pacific and continue to deploy nuclear arms at sea unhindered.

Most worrying of all is the message in the stalled START process that the superpowers are going to retain their massive advantage. A number of countries in East Asia have the capability to develop and deploy nuclear arms. Some of them might have been persuaded to limit their ambitions if the superpowers had demonstrated greater seriousness in arms control.

North Korea is the most obvious and potentially dangerous nuclear threshold power in East Asia. Further down the road, if China and North Korea refuse to be bound by nuclear arms control regimes, there must be concern that South Korea, Taiwan or even Japan might eventually be driven to acquire nuclear weapons.

It is especially unfortunate that just when there are signs that China is starting to behave more sensibly on exports of missile technology and nuclear know-how, and when even North Korea might be persuaded to accept international inspection of its nuclear facilities, the superpowers are sending the wrong signal.

The writer is a research fellow at the Royal Institute of International Affairs and editor of The Pacific Review. He contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1891: Seized in Chicago

PARIS — According to a despatch in yesterday's [July 28] Herald, a Frenchman who was found in the act of silent prayer in a Chicago street was promptly arrested as a lunatic. The mere fact that a person should pray in Chicago does not necessarily prove that he is insane; for it is well established that there are numbers of righteous persons in that city, and it is impossible that the police should not know that such persons are habitually addicted to prayer.

1916: Civilians Taken

PARIS — Probably never in the history of the war has such a poignant story of German persecution and heartless iniquity been told as that unfolded in a letter from Lille published by the "Temps" yesterday [July 28], in which the writer tells how 25,000 inhabitants of Lille, Tourcoing and Roubaix were forcibly evacuated by the German military authorities and sent into slavery. A proclamation informed the people that "those evacuated will be employed in agriculture and not in military work." Describing the first night's operations, the writer says: "It was terrible! The officer passed, picking out those he cared to choose, and gave them from ten minutes to an hour to prepare their departure. Everyone left shouting 'Vive la France!' 'Vive la Liberté!' and singing the 'Marseillaise.'"

1941: A Blow to Japan

TOKIO — [From our New York edition:] The freezing of Japanese commerce by the Netherlands East Indies came today [July 29] as an unexpected blow to Japan and was not only the most severe political rebuff this country has suffered in recent years but, if rigid enforcement of the measure follows, a development which will damage seriously Japan's national economy, which relies heavily on Indies oil, rubber and other raw materials.

EUROBONDS

Bond Market From U.S. U

By To

Internationa

PARIS — A sense of [illegible] recovery has fostered [illegible] for Eurodollar bonds, [illegible] buying by institutions [illegible] more than a billion dollars of [illegible]

Just when economists had [illegible] the U.S. recession over, the [illegible] isn't on a straight path up. Fri[illegible] product rose at a limp 0.4 [illegible] followed news last week of [illegible] durable-goods orders and a [illegible]

"It's not going to be a par[illegible] ticularly strong recovery," [illegible] said Jeremy Yeats-Edwards, [illegible] director at Barings Investment [illegible] Management in London.

He forecast the U.S. econo[illegible] my would grow at a rate [illegible] just 1.5 percent to 2 percent [illegible] during the next 12 months [illegible] which would make it one [illegible] the weakest recoveries since [illegible]

Slow growth will ensure [illegible] percent or a bit lower. Mr. Ye[illegible] predicted that even though [illegible] to fall further, "the yield cur[illegible] come down."

That represents a welcome [illegible] early July, when a belief in [illegible] prospect of a record amount [illegible] second half had bond inves[illegible] climbing.

"The situation looks a lot [illegible] again," said Bob Tyley, head [illegible] London. The GNP report [illegible] rally and investors will show [illegible] note-and-bond auction in early [illegible]

The prospect of a more [illegible] interest rates have taken a toll [illegible] fund managers were predicting [illegible] off bond losers. At its close [illegible] marks, the dollar was about 5 [illegible] two weeks earlier.

"We expect to see rates low[illegible] said Jonathan Hakim, head of [illegible] ties in London. He said long-[illegible] quarter percentage point, and [illegible] 1.70 DM over the next three [illegible]

SOME BANKERS consi[illegible] only made Eurodollar bo[illegible] and Far Eastern investors [illegible] the price. They argued that [illegible] because even a sluggish recovery [illegible] a slowdown in Germany, while [illegible] premium to Japanese rates.

"Fundamentally, people [illegible] Michael Sherwood, head of [illegible] Sachs & Co., which launched [illegible] last week.

Dealers reported the strong [illegible] Ontario's $390 million of 8¼ [illegible] Electric Power Co.'s $500 [illegible] bonds.

Both have the relatively [illegible] final investors because [illegible] interest rates, and less [illegible] Treasury's upcoming bon[illegible] can Development Bank's [illegible] by a tailying Treasury mar[illegible] level for underwriters.

Ontario's deal was mar[illegible] proceeds with the IADB and [illegible] 150 million and 300 milli[illegible] five-year bonds. Most swa[illegible] involve an exchange of fixed [illegible] But the expectation of lower [illegible] borrowers reluctant to accept [illegible] and slowed swap activity to [illegible]

The IADB's 10¾ percent [illegible] dollars, and the rarity helped [illegible] The big Finnish issue provided [illegible] ended the week at a loss-ma[illegible]

Some bankers feared a sl[illegible] munity goes ahead this week w[illegible] for bonds denominated in E[illegible] sounded out five banks for [illegible] loans for three Eastern Euro[illegible]

See E[illegible]

CURRENCY R[illegible]

Cross Rates

	$	£	D.M.	F.F.
Amsterdam	1.569	3.315	1.1255	0.3585
Brussels	38.975	82.385	27.972	8.905
Frankfurt	1.3936	2.94	—	0.319
London (a)	1.4675	—	2.9308	3.5795
Madrid	109.424	154.232	42.677	10.403
Milan	1,303.80	2,192.50	746.15	238.28
New York (b)	—	1.4825	1.744	5.984
Paris	5.9425	10.905	3.4025	—
Tokyo	138.65	231.68	78.73	23.57
Toronto	1.1684	1.9044	0.6492	0.1907
Zurich	1.574	2.564	0.8724	0.2562
ECU	1.1737	0.6981	2.9519	6.9884
SDR	1.3276	0.7914	2.3258	7.9925

Closings in Amsterdam, London and Zurich; as Toronto rates at 3 p.m.
a. To buy one pound; b: To buy one dollar; [illegible] available

Other Dollar Values

Currency	Per $	Currency	Per $
Austral. austral	9955.0	Greek drac.	194.50
Austria $	12.912	Hong Kong $	7.7955
Belgian (com.)	38.505	Indian rupee	25.750
Brazil cruz.	12.23	Indo. rupiah	1950.0
Chinese yuan	339.60	Irish £	0.6981
Danish krone	6.3471	Israeli shek.	2.3000
Egypt. pound	6.7515	Kuwaiti dinar	0.2955
Fin. markka	3.2977	Malay. ring.	2.7000
Greek drach.	4.182		

New York rates unless marked * (local rate)

Forward Rates

Currency	30-day	60-day	90-day
Pound Sterling	1.4852	1.4780	1.4705
Deutsche mark	1.7395	1.7443	1.7495
Swiss franc	1.5164	1.5190	1.5220

Sources: NMB Bank (Amsterdam); [illegible] (Brussels); Banque Nationale de Paris (Paris); [illegible] (London); UAP (SOR); Gosbank (Moscow).

Last Week's [illegible]

All figures are as of close of trading Friday

Stock Indexes

United States	July 26	July 19	Chge.
DJ Indus.	2,972.50	3,016.32	— 1.45%
DJ Trans.	202.97	200.08	+ 1.44%
S & P 100	1,296.10	1,318.09	— 1.67%
S & P 500	364.00	368.19	— 1.14%
S & P Ind	380.93	384.22	— 0.86%
NYSE Co.	454.54	458.36	— 0.83%
NYSE Ind	208.78	210.64	— 0.88%
S & P 100	7,589.30	2,541.50	+ 1.86%
Value Line	2,002.80	1,959.90	+ 2.19%
Japan			
Nikkei 225	23,584.	22,866.	+ 3.14%
West Germany			
FAZ	1,605.64	1,622.99	— 1.11%
Hong Kong			
Hang Seng	4,031.29	4,009.25	+ 0.55%
Australia			
All Ord.	498.30	497.50	+ 0.16%

World Index From Morgan Stanley Capital [illegible]

Other Dollar Values

Currency	Per $	Currency	Per $
Austral. austral	9955.0	Greek drac.	194.50
Austria $	12.912	Hong Kong $	7.7955
Belgian (com.)	38.505	Indian rupee	25.750
Brazil cruz.	12.23	Indo. rupiah	1950.0
Chinese yuan	339.60	Irish £	0.6981
Danish krone	6.3471	Israeli shek.	2.3000
Egypt. pound	6.7515	Kuwaiti dinar	0.2955
Fin. markka	3.2977	Malay. ring.	2.7000
Greek drach.	4.182		

New York rates unless marked * (local rate)

Forward Rates

Currency	30-day	60-day	90-day
Pound Sterling	1.4852	1.4780	1.4705
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Swiss franc	1.5164	1.5190	1.5220

Sources: NMB Bank (Amsterdam); [illegible] (Brussels); Banque Nationale de Paris (Paris); [illegible] (London); UAP (SOR); Gosbank (Moscow).

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BUSINESS/FINANCE
MONDAY, JULY 29, 1991

EUROBONDS

Bond Market Gets Boost From U.S. Uncertainty

By Tom Buerkle
International Herald Tribune

PARIS — A sense of pessimism about the U.S. economic recovery has fostered renewed optimism in the market for Eurodollar bonds. Prices rallied last week and steady buying by institutions and retail investors made room for more than a billion dollars of new borrowings.

Just when economists had reached near-unanimity in declaring the U.S. recession over, the latest data indicated that the economy isn't on a straight path up. Friday's report that the gross national product rose at a limp 0.4 percent rate in the second quarter followed news last week of a sharp 1.6 percent drop in June durable-goods orders and a rise in unemployment claims.

"It's not going to be a particularly strong recovery," said Jeremy Yeats-Edwards, a director at Barings Investment Management in London.

'Fundamentally, people still want to buy the dollar.'

He forecast the U.S. economy would grow at a rate of just 1.5 percent to 2 percent during the next 12 months, which would make it one of the weakest recoveries since World War II.

Slow growth will ensure low inflation, which should ease to 4 percent or a bit lower, Mr. Yeats-Edwards said. As a result, he predicted that even though short-term interest rates aren't likely to fall further, "the yield curve will flatten — long-term rates will come down."

That represents a welcome change in outlook from June and early July, when a belief in a more-buoyant recovery and the prospect of a record amount of U.S. Treasury borrowings in the second half had bond investors selling and long-term yields climbing.

"The situation looks a lot better now than it did two weeks ago," said Bob Tyley, head of bond analysis at Banque Paribas in London. The GNP report made it likely that bond prices will rally and investors will show up in force at the Treasury's next big note-and-bond auction in early August, he said.

The prospect of a more sluggish recovery and a decline in interest rates have taken a toll on the dollar, but few analysts or fund managers were predicting a big new slide that would scare off bond buyers. At its close Friday of just above 1.74 Deutsche marks, the dollar was about 5 percent below its peak of 1.84 DM two weeks earlier.

"We expect to see rates lower and the dollar a little bit lower," said Jonathan Hakim, head of debt transactions at UBS Securities in London. He said long-term U.S. rates could fall nearly a quarter percentage point, and the dollar could ease to perhaps 1.70 DM over the next three to six months.

SOME BANKERS contended that the dollar's decline had only made Eurodollar bonds more attractive to European and Far Eastern investors because it had effectively lowered the price. They argued that the dollar retained strong support because even a sluggish recovery compares well with the economic slowdown in Germany, while U.S. rates stand at an attractive premium to Japanese rates.

"Fundamentally, people still want to buy the dollar," said Michael Sherwood, head of new-issue syndicate at Goldman Sachs & Co., which launched the biggest package of new issues last week.

Dealers reported the strongest demand for the Province of Ontario's $390 million of 8½ percent, five-year bonds and Tokyo Electric Power Co.'s $500 million of 8¾ percent, seven-year bonds.

Both have the relatively short maturities that appeal to international investors because they are less vulnerable to an uptick in interest rates, and less vulnerable to competition from the U.S. Treasury's upcoming bond auctions. Still, even the Inter-American Development Bank's $300 million, 10-year deal was lifted up by a rallying Treasury market and ended the week at a profitable level for underwriters.

Ontario's deal was made possible by a rare direct swap of proceeds with the IADB and Finnish Export Credit, which issued 150 million and 300 million Canadian dollars, respectively, of five-year bonds. Most swaps go through intermediaries and involve an exchange of fixed-rate funds for floating-rate money. But the expectation of lower U.S. interest rates has made most borrowers reluctant to accept fixed-rate dollars at current levels and slowed swap activity to a crawl, bankers said.

The IADB's 10¾ percent issue was its first even in Canadian dollars, and the rarity helped make the deal a blowout success. The big Finnish issue proved too much, too late, however, and ended the week at a loss-making level for underwriters.

Some bankers feared a similar problem if the European Community goes ahead this week with an issue in the saturated market for bonds denominated in European Currency Units. The EC sounded out five banks for a 435 million-Ecu issue to finance loans for three Eastern European countries. Several bankers said

See EURO, Page 9

Kohl Says Inflation Will Cool

Compiled by Our Staff From Dispatches

BONN — Chancellor Helmut Kohl of Germany said Sunday a sharp jump in inflation this month was due largely to the one-time effect of higher taxes and that prices would not continue rising so sharply.

In an interview with Deutschlandfunk radio, Mr. Kohl also said he was optimistic about economic developments in Eastern Germany.

He said rising unemployment and the difficult conditions in the East would not lead to social turmoil.

Inflation in Western Germany rose 1.0 percent in July from June for a year-on-year rise of 4.5 percent after 3.5 percent in June. It was the steepest year-on-year increase since 1982.

"That is a signal that we have to watch carefully," Mr. Kohl said.

He said signs of recovery in Eastern Germany were becoming clear, citing an increasing rate of privatization and the stabilization of exports. Since January, he said, there had been 420,000 applications for new businesses in the East. *(Reuters, AP)*

Shell Studies Huge Oil Venture in China

Reuters

BEIJING — The Royal Dutch/Shell Group has signed an agreement with China for a feasibility study for a $2.5 billion joint venture oil project in southern Guangdong province, the official press said on Sunday.

If it goes ahead, the project would be the largest joint venture in China.

"This marks another step in the development of China's ties with the countries of the European Community, including Britain and the Netherlands," the official People's Daily newspaper quoted Premier Li Peng as saying at the signing ceremony on Saturday evening.

"The feasibility study will take a certain amount of time, but when finished it will serve as a reliable basis for our future cooperation," Mr. Li said at the ceremony, which was attended by Ambassador Sir Robin McLaren of Britain and John Jennings, chairman of Shell.

The Nanhai, or South China Sea project envisions spending $2.5 billion on a petrochemical complex in Huizhon, a city in Guangdong near the British colony of Hong Kong.

Shell, a consortium of four Chinese companies and the Guangdong provincial government would own the venture, which would have an annual capacity of five million metric tons of crude oil and 450,000 metric tons of ethylene, the official Xinhua news agency said.

The agreement marks a coup for Beijing, which has been trying to woo back foreign investors frightened off by the turmoil surrounding the bloody crackdown on pro-democracy protests on June 4, 1989.

Most Western nations have eased sanctions imposed on China after the killings in Beijing, but foreign businessmen remain cautious.

The uncertainty surrounding foreign investments was sharpened last January, when Occidental Petroleum Corp. of the United States announced it wanted to drop its 25 percent stake in the $750 million An Tai Bao coal mine, currently the country's largest joint venture.

The Shell project showed that cooperation was still possible, Mr. Li said. He cited the breakthrough agreement earlier this month between Beijing and London on plans for a new $16.3 billion airport for Hong Kong as another example.

"We are gratified that today, so soon after China and Britain reached agreement over the new airport for Hong Kong, we are attending the signing ceremony for the feasibility study for the Nanhai petrochemical project," Mr. Li was quoted as saying.

The Shell pact follows an agreement earlier this month by Total Compagnie Française des Pétroles to become the first foreign company to build an oil refinery in China.

Total's $440 million dollar joint venture in the northeast port city of Dalian is slated to come on line in the second half of 1994.

Chinese partners in the project will be China National Offshore Oil Corp., China National Petrochemicals Corp., China National Oil & Gas Corp., the Guangdong provincial government and China Merchants Holdings Company Ltd., the agency said.

Japanese Scandals Widen

Leaders Warn Of Harm in Bank And Stocks Cases

Compiled by Our Staff From Dispatches

TOKYO — Japanese leaders warned Sunday that a stock market scandal could hurt Japan's economy if confidence in the market was not restored and they condemned the issuing of fake deposit certificates by bank employees.

Tokai Bank Ltd., Japan's seventh largest, said Sunday it had uncovered fraud amounting to 63 billion yen ($455 million) involving a former deputy branch manager.

An official at Tokai Bank said an internal inquiry had revealed that former deputy branch manager Susumu Morimoto, 38, carried out "improper" actions involving deposit certificates from March 1990 to June 1991, enabling customers to obtain loans from several nonbank financial institutions.

The announcement brings to three the number of banks implicated in a widening scandal and is only the latest in a series of scandals that have rocked Japan's financial and corporate elite.

Coming soon after scandals in the securities business, the latest incidents have brought strong condemnation from Prime Minister Toshiki Kaifu and Finance Minister Ryutaro Hashimoto.

Turning to the securities industry, Mr. Kaifu and Mr. Hashimoto both urged brokerages to voluntarily identify major clients to which they paid compensation for stock market losses.

If parliament has to order disclosure of the names, the public would believe the securities industry lacked the ability to clean itself up, Mr. Hashimoto said at a meeting of the Liberal Democratic Party in Karuizawa, 170 kilometers (105 miles) northwest of Tokyo.

Both men mentioned possible effects beyond Japan because of the global nature of financial markets. With funds in short supply around the world, companies might have trouble raising funds in Japan's securities market if the market remained unstable, Mr. Hashimoto said. *(AP, Reuters)*

Brussels Leads Spirited Dispute on Art

By Charles Goldsmith
International Herald Tribune

BRUSSELS — A budding battle between artists and art dealers has divided several European Community countries and cast a colorful spotlight on an EC bureaucracy accustomed to drab and technical disputes on fish quotas and farm subsidies.

At issue are proposals to harmonize an element of copyright law called *droit de suite*, in which an artist and his or her heirs retain an interest in all later resales of art works and receive a portion of the selling price.

Droit de suite is considered virtually a God-given right among artists in France, where it originated, but is regarded with horror among auctioneers and art galleries in Britain, one of four EC countries with no such law.

"This is a very important and totally justified right for artists," said Gerhard Pfennig, a German lawyer who serves as spokesman for the International Confederation of Authors and Composers. "Artists feel they should get a fair value for the resale of their work."

He said *droit de suite* collections last year totaled about $12 million in France and $5 million in Germany.

"We believe imposition of *droit de suite* to be fundamentally misguided," replied Antony Mair, a lawyer for the British Fine Art Trade Working Party, whose members include Christie's and other top London auction houses.

The auctioneers say artists will actually suffer if *droit de suite* were required throughout the Community.

"A balance has to be struck between the protection of artists and ensuring that there are sufficient outlets for their work," Mr. Mair said. "Levying what is really a tax on dealers and auctioneers will not ultimately protect artists."

Droit de suite was enshrined in French law in 1920, because it was considered scandalous that

See DEALERS, Page 11

Top German Union Urges Slower Sell-Off in East

By Richard E. Smith
International Herald Tribune

FRANKFURT — IG Metall, Germany's largest labor union, believes buyers of companies in Eastern Germany are getting in too cheap and intends to keep pushing a plan to slow down what it calls a sell-off.

The Organization for Economic Cooperation and Development and most economists think the problem is precisely the opposite, that privatization is going too slowly rather than too fast, but the union is not changing its strategy.

"We see an entirely different situation in five years when Eastern Germany will be an outstanding production site and when it will be clear that companies were sold off too quickly and too cheaply in the beginning," said Horst Klaus, IG Metall's board member responsible for policy in Eastern Germany, in an interview.

As a result, the union is pushing an idea to set up a new holding company that would specialize in reviving companies for several years before selling them.

Mr. Klaus said that such a holding company would help ease the social fallout of mass layoffs and save German taxpayers money by fetching higher prices for companies that will be more marketable in a few years.

But the idea has yet to strike any responsive chord in the current government, which is broadly convinced that the area needs a quick and massive infusion of energy from the private sector to better guarantee employment in the longer run.

Economics Minister Jürgen Möllemann officially rejected the union's proposal this month, while the Treuhandanstalt, the sole government agency currently entrusted with privatizing the economy of Eastern Germany, is struggling to sell as much as it can to the private sector.

This has not stopped the union from hoping that growing social discontent in Eastern Germany may make the government change its mind as unemployment rises and as the Treuhandanstalt finds itself with fewer and fewer companies fit for sale. So far the Treuhandanstalt has sold 2,600 of some 10,300 companies in its register and has been paid 10.6 billion marks ($6.1 billion).

"At the end of this year or next year, the political opposition may try to amend the law that is the basis for the Treuhandanstalt and give our idea another chance," said Mr. Klaus.

Ideally, the union would like to see the specialized holding company set up within the framework of the Treuhandanstalt.

"The bulk of the unsold companies can still be restructured and a more organized restructuring process would give workers and management a vital signal by assuring

See UNION, Page 11

Delta to Pay More For Pan Am Assets

The Associated Press

NEW YORK — Delta Air Lines announced Sunday that it had agreed to pay $310 million for Pan Am's routes to Europe and its Northeast shuttle — $50 million more than under the airlines' initial agreement.

The deal requires approval of bankruptcy court, where Pan Am sought protection from its creditors in January. It also presents a new obstacle to a buyout proposal for key Pan Am assets by Trans World Airways with backing from American Airlines.

A TWA spokesman, Jim Faulkner, said the airline had no immediate response to the Delta announcement.

Besides the Boston-New York-Washington shuttle and routes between London and New York, Miami and Detroit, the deal also includes Pan Am's Frankfurt operation and 45 planes.

Delta will offer jobs to 6,000 Pan Am employees and honor Pan Am tickets on the affected routes for travel through Feb. 1, 1992.

Also, Delta agreed to provide Pan Am with $60 million of debtor-in-possession financing, meaning Delta is first in line to collect the money in bankruptcy court.

The deal would be filed with bankruptcy court Monday and the two carriers are seeking an early hearing date.

The two sides are still talking about a Delta investment in a reorganized Pan Am that would include coordinating Pan Am's Latin American and Caribbean routes with Delta's schedule.

That deal depends on an expedited approval of the definitive agreement to buy the European routes and Northeast shuttle.

TWA's chairman, Carl C. Icahn, has said TWA would pay $280 million for Pan Am's European routes, the Northeast shuttle and other assets; would assume $30 million in ticket liabilities; and would arrange an infusion of $140 million into what is left of Pan Am's operations.

Mr. Icahn has said American Airlines would provide $250 million in financing for the first part of that deal in exchange for getting the rights to some European routes and the Northeast shuttle.

Delta and United Airlines had been talking about a joint bid for most of Pan Am's assets, but the talks broke down last week.

United had made a separate offer for Pan Am's Latin American and Caribbean routes, but there, too, talks have broken off.

Apparently Pan Am and its creditors were unhappy over the size of United's offer. United is said to have offered $200 million and agreed to retain 2,000 workers of a total work force of 22,500.

At the time Ronald W. Allen, Delta's chairman and chief executive, said Delta was interested in investing in a reorganized Pan Am only if the $260 million asset purchase was approved.

TWA and United were expected to make proposals to Pan Am's creditors Monday.

CURRENCY RATES

Cross Rates

July 26

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.969	3.315	1.1275	0.3315	0.1512 *	—	5.4365 *	1.2923	1.4222 *	1.7165	180.18*
Brussels	35.9975	60.585	20.593	6.055	2.7614 *	18.2675	—	23.69	0.2617	31.3425	32.923*
Frankfurt	1.7456	2.94	—	0.294	0.1341 *	0.887	4.856 *	1.1461	1.282 *	1.5185	1.598 *
London (a)	1.6875	—	2.9378	9.9793	2,190.00	3.3048	60.465	2.5613	232.62	1.9405	183.77
Madrid	109.434	184.232	62.677	18.419	8.298 *	55.593	3.0436	71.807	79.871 *	95.389	—
Milan	1,303.80	2,192.50	746.15	219.28	—	661.85	36.227	855.38	9.416	1,134.25	11.91
New York (b)	—	1.682 a	1.744	5.934	1,302.00	1.966	35.93	1.5227	137.40	1.1494	109.25
Paris	5.9425	10.005	3.4025	—	0.4561 *	3.0178	0.1652	3.8955	4.2965 *	5.174	5.4325*
Tokyo	138.65	231.68	78.73	22.17	0.1056	69.85	3.8248	90.44	—	120.27	1.2631
Toronto	1.1484	1.9044	0.6592	0.1937	0.885 *	0.5848	3.207 *	0.7552	0.8346 *	—	1.057 *
Zurich	1.514	2.564	0.8724	0.2562	0.1169 *	0.7737	4.2444 *	—	1.0950 *	1.3171	1.3989*
1 ECU	1.1752	0.6981	2.0519	6.9824	1,531.75	2.3124	42.2541	1.791	162.647	1.3484	128.606
1 SDR	1.3324	0.7914	2.3258	7.9175	1,736.12	2.6227	47.513	2.0292	184.397	1.5357	145.804

Closings in Amsterdam, London and Zurich, fixings in other centers; New York closing prices and Toronto rates at 3 p.m.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	9985.0	Greek drac.	190.65	Mex. peso	3031.00	S. Afr. rand	2.8615
Austral. $	1.2912	Hong Kong $	7.7515	N. Zealand $	1.7528	Soviet ruble*	0.5983
Austr. schil.	12.23	Indian rupee	25.773	Norw. krone	6.8115	Swed. krona	6.328
Brazil cruz.	339.60	Indo. rupiah	1946.02	Phil. peso	27.00	Taiwan $	26.65
Chinese yuan*	5.3471	Irish £	0.6519	Port. escudo	148.50	Thai baht	25.66
Danish krone	6.7515	Israeli shek.	2.3068	Saudi riyal	3.75	Turkish lira	4388.01
Egypt. pound	3.2977	Kuwaiti dinar	0.2933	Sing. $	1.7497	UAE dirham	3.672
Fin. markka	4.182	Malay. ring.	2.784	S. Kor. won	725.70	Venez. boliv.	59.65

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6852	1.6780	1.6715	Canadian dollar	1.1515	1.1543	1.1565
Deutsche mark	1.7395	1.7443	1.7492	Japanese yen	138.16	139.31	139.45
Swiss franc	1.5164	1.5190	1.5212				

Sources: NMB Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

	July 26	July 19	Ch'ge
United States			
DJ Indus.	2,972.50	3,016.32	—1.45 %
DJ Util.	202.97	200.08	+1.44 %
DJ Trans.	1,206.10	1,218.09	—0.98 %
S & P 100	364.00	368.19	—1.14 %
S & P 500	380.93	384.22	—0.86 %
S & P Ind	454.54	458.36	—0.83 %
NYSE Cp	208.78	210.64	—0.88 %
Britain			
FTSE 100	2,589.30	2,541.50	+1.88 %
FT 30	2,002.80	1,959.90	+2.19 %
Japan			
Nikkei 225	23,594.	22,866.	+3.14 %
West Germany			
DAX	1,605.64	1,623.99	—1.13 %
Hong Kong			
Hang Seng	4,031.29	4,009.35	+0.55 %
World			
MSCIP	498.30	497.50	+0.16 %

World index From Morgan Stanley Capital Int'l.

Money Rates

	July 26	July 19
United States		
Discount rate	5½	5½
Prime rate	8½	8½
Federal funds rate	5 11/16	5 11/16
Japan		
Discount	5½	5½
Call money	7 11/32	7 13/32
3-month interbank	N.Q.	—
West Germany		
Lombard	9.00	9.00
Call money	8.85	8.80
3-month interbank	9.15	9.05
Britain		
Bank base rate	11.00	11.00
Call money	11⅛	11¼
3-month interbank	11⅛	11 1/16

Gold	July 26	July 19	Ch'ge
London p.m. fix $	364.10	370.00	—1.59 %

U.K. Creditors Seek To Set Up 'New' BCCI

Compiled by Our Staff From Dispatches

LONDON — A legislator appealed Sunday to Prime Minister John Major to help rescue the Bank of Credit and Commerce International.

British-based creditors of BCCI, shut down amid allegations of massive fraud, said during the weekend they wanted a new bank set up with BCCI's remaining assets and some of its former employees.

Keith Vaz, a member of Parliament for the Labor Party, delivered a letter to 10 Downing St. in which he called for a meeting with Mr. Major before the High Court makes its decision. The court is expected to act Tuesday on the future of BCCI's British operation.

"This is the bank that refuses to die and the good parts of it should be allowed to live," Mr. Vaz wrote, adding that every effort should be made "to ensure that the solvent parts of the bank remain operational."

Clive Russell, of the accounting firm Halpern & Woolf, which belongs to the Association of BCCI Creditors, said he would meet Tuesday with Treasury Minister John Maples on salvaging part of BCCI. *(AP, Reuters)*

■ U.S. Senators Criticize International Bank Laws

Senior members of the U.S. Senate said the fraud, money laundering and terrorist links at BCCI raise troubling questions about the adequacy of international banking regulations, Reuters reported from Washington.

The failure to crack down on the bank despite years of suspicion suggests a "massive regulatory breakdown," the Senate Banking Committee chairman, Donald Riegle, said on ABC's "Business World" program.

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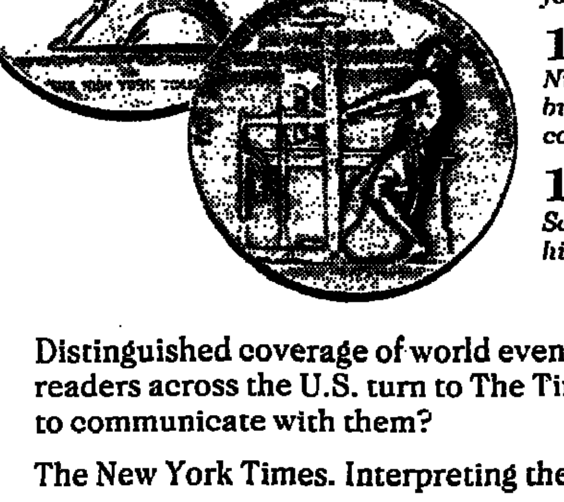

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1990
Nicholas D. Kristof, chief of the Beijing bureau, and Sheryl WuDunn for their coverage of political turmoil in China.

1991
Serge Schmemann, Bonn bureau chief, for his coverage of the reunification of Germany.

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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel: 323 11 30. Prices may vary according to market conditions and other factors. July 26

Canadian Dollars

Short Term

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
ABB Fin Inc	11½	92	100½	10.68	+94
AKZO	11	91	99¾	11.27	+151
Amer Genl	10	91	99⅝	11.56	+158
Asik-Cger	10¼	91	99½	11.23	+151
Austri Control	10¼	92	100	10.26	+57
Austri Sparkas	9⅝	92	99¾	10.51	+84
Austria	10	91	99⅞	10.17	+36
Avco Fin Serv	11¾	92	101½	9.95	+27
Avco Fin Serv	10¼	92	99	11.19	+163
BNP	10¾	91	99⅞	10.45	+66
BNP	11¼	92	100½	9.33	-23
Bayernhyp Fin	10⅛	92	99¾	10.22	+51
Bell Canada En	10	92	97¾	12.62	+306
Berliner Bk	10¼	91	99⅝	10.95	+126
Bnl-Bk Fin	10⅛	92	100	10.09	+46
Bk Montr Realt	10¼	92	100	10.27	+66
Bk Montreal	10¼	91	99⅞	10.61	+76
Bk Tokyo	10⅝	92	100¼	9.78	+32
Bq Intl Lux	11	92	98¾	11.63	+191
Bq Paribas	10¼	91	99⅞	10.82	+101
Brit Columb	12¼	91	100¾	10.29	+66
CBA	9½	92	99¼	10.51	+93
CCJ Quebec	10	91	99⅝	10.87	+116
CEPME	10	91	99¾	10.47	+71
CIBC	11¾	91	100⅜	10.37	+75
CIBC	9	92	97¼	12.16	+260
CIBC (Sing)	10⅝	91	99⅝	11.48	+176
Canada Trust	9⅝	92	99	11.30	+172
Cera Invest	10¼	91	99½	11.60	+193
Chrysler	12⅝	92	94	20.24	1068
Cie Bancaire	12	91	100	11.41	+185
Commerzbank	10	91	99¼	14.91	+506
Commerzbank	9⅝	92	99¼	10.42	+86
Commerzbank	10¼	92	100	9.98	+20
Council Europe	11¼	92	100¼	11.04	+140
Creditanst	9⅝	91	99¼	11.60	+192
Cregem Fin	12	92	85½	4.04	-555
Dai-Ichi Kb	9½	92	97¾	11.90	+234
Denmark	9⅝	92	99½	10.56	+102
Deut Bk	9⅞	92	98½	11.29	+173
Deut Gire-Dkb	10¼	92	99	10.98	+137
EIB	12¾	91	101	8.16	-147
EIB	9½	91	99⅞	10.14	+51
FBDB	10¼	91	99⅝	10.10	+49

Governments/Supranationals

Banks

Corporates

ECU Straights

Pound Sterling

Yen Straights

MUTUAL FUNDS

Figures as of close of trading Friday, July 26.

NEW YORK (AP)— The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

NL— No initial sales load. f—Previous day's quote. r— Redemption charge may apply. x— Ex dividend.

Judging a

By Carole Gould

New York Times Service

NEW YORK — Can you judge a ... cover? In the case of mutual funds, ... is yes, says Don Phillips, vice pr... Morningstar Inc., a mutual-fund ... firm based in Chicago.

Morningstar analysts grade th... shareholder reports every year. The ... report — everything from how th... assesses a fund's performance to the ... of those disclosures — is not as imp... fund's total return or risk.

But there is a surprising correlati... the two. Good reports "demonstrat... for shareholders that is apt to carry ... other aspects of the fund, like fee level... avoidance," Mr. Phillips said.

Mutual-fund prospectuses includ... dard chunk of information that fun... quired by law to disclose, but share... ports — issued semi-annually by ... sometimes published more frequen... less consistent.

Many reports "deteriorate into a ... ment, full of bland, uninformativ... worse, a quasi sales tool," Mr. Phillip...

He says that favoring funds wi... ports — ones that help investors und... fund's strategy — increases investors... for long-term success. Investors wh...

DEALERS: Br...

(Continued from first finance page)

widows and children of some of ... France's most famous artists were ... living in poverty.

All EC countries except Britain, ... Greece, Ireland and the Nether... lands now have some form of droit ... de suite, mostly applying to resales ... up to 50 years after the artist's ... death. The levies, usually funneled ... through collecting societies, range ... from 2 percent in Spain to 3 per... cent in France, 5 percent in Germa... ny and up to 6 percent in Belgium.

Italy has a droit de suite law, but ... it is so complex — applying only to ... the added value of artwork be... tween resales — that everybody has ... given up trying to enforce it.

Critics of a Community-wide ...

CHICAGO EXCH...

Figures as of close of trading Friday, July 26.

AMERICAN EXCH...

Figures as of close of trading Friday, July 26.

The International Herald ... a week Monday ...

هكذا من الأصل

New International Bond Issues

Compiled by Andrew S. Register

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Australia & New Zealand Banking Group	$150	1994	¼	100	—	Over 3-month Libor. Reoffered at 99.85. Noncallable. Fees 0.225%. Denominations $10,000. (Merrill Lynch Int'l.)
European Investment Bank	DM 400	1998	0.30	100.10	—	Below 3-month Libor. Callable at par from 1993. Fees 0.20%. (Salomon Brothers.)
Fixed-Coupons						
Inter-American Development Bank	$300	2001	8⅝	99.88	100.60	Noncallable. Fees 0.325%. Denominations $10,000. (Deutsche Bank Capital Markets.)
Ontario Province	$390	1996	8½	101.545	100.33	Reoffered at 99.92. Noncallable. Fees 1⅞%. (Goldman Sachs Int'l.)
Tokyo Electric Power	$500	1998	8¾	99.73	100.23	Noncallable. Fees 0.325%. (Goldman Sachs Int'l.)
British Land	£ 50	2016	12½	100.683	—	Semiannually. Noncallable. Fungible with outstanding issue, raising total to £150 million. Fees not disclosed. Denominations £10,000. (Barclays de Zoete Wedd.)
Barclay's Overseas Capital	DM 150	1993	9¼	101.35	—	Noncallable. Fees 1¼%. (Dresdner Bank.)
Fiat Finance & Trade	DM 200	1993	9¼	101.05	—	Noncallable. Fees 1½%. (Deutsche Bank.)
Nordbanken	ITL 150,000	1993	zero	80.55	79.55	Noncallable. Yield 12.19%. Proceeds 119.5 billion lira. Fees 1.10% (Banca Nazionale del Lavoro.)
European Coal & Steel Community	SP 15,000	1996	11.35	101.45	—	Noncallable. Fees 1⅝%. (Banco de Credito Industrial.)
Banque Indosuez	FM 100	1996	11½	101.875	—	Noncallable. Fungible with outstanding issue, raising total to 300 million markka. Fees 1⅞%. (Deutsche Bank Capital Markets.)
Crédit Agricole	C$ 150	1996	10½	101.575	100.10	Reoffered at par. Noncallable. Fees 1⅞%. (Swiss Bank Corp.)
Finnish Export Credit	C$ 300	1996	10¼	101.30	99.57	Reoffered at 99.70. Noncallable. (Goldman Sachs Int'l.)
Inter-American Development Bank	C$ 150	1996	10⅝	101.575	100.22	Reoffered at 99.975. Noncallable. Fees 1⅞%. (Goldman Sachs Int'l.)
Toyota Credit Canada	C$ 100	1996	10⅝	101.20	100.40	Reoffered at 99.575. Noncallable. Fees 1⅞%. (Hambros Bank.)
General Electric Capital Corp.	Aus$ 100	1996	11¼	101.45	100.88	Noncallable. Fees 2%. (Hambros Bank.)
New South Wales Treasury	Aus$ 100	2006	12	101.60	99.50	Noncallable. Fees 2⅛%. (Fay Richwhite U.K.)
Rural & Industries Bank of Western Australia	Aus$75	1996	11¾	101.95	100.15	Noncallable. Fees 2%. (Hambros Bank.)
Equity-Linked						
Central Int'l	$ 60	1996	10	100	—	Semiannually. Noncallable. Convertible into shares of Banco Central at 40.3185 pesetas per share and at 109.673 pesetas per dollar. Fees 2½%. (Merrill Lynch Int'l.)
HIH Capital	$ 50	1996	7½	100	—	Semiannually. Callable at par from 1999. Convertible at £3.10 per share and at $1.6825 per pound. Fees 2½%. (J. Henry Schroder Wagg & Co.)
JGC	$100	1995	4½	100	101.00	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 2,122 yen per share and at 139.65 yen per dollar. Fees 2¼%. (Nomura Int'l.)
Komatsu Seiren	$100	1995	4½	100	—	Noncallable. Each $10,000 note with two warrants exercisable into company's shares at 1,661 yen per share and at 137.30 yen per dollar. Fees 2¼%. (Yamaichi Int'l Europe.)
Meitec	$110	1995	4½	100	101.00	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set July 30. (Nikko Securities Europe.)
Mitsubishi Cable Industries	$130	1995	4½	100	101.00	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 841 yen per share and at 139.65 yen per dollar. Fees 2¼%. (Nikko Securities Europe.)
Mitsubishi Kasei	$300	1995	4½	100	99.50	Noncallable. Each $10,000 note with two warrants exercisable into company's shares at 501 yen per share and at 139.65 yen per dollar. Fees 2¼%. (Nikko Securities Europe.)
Nippon Sheet Glass	$200	1995	4⅝	100	99.75	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Aug. 1. (Daiwa Europe.)
Ohbayashi	$360	1995	4¾	100	101.00	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set July 30. (Nomura Int'l.)
Shiroki	$ 90	1995	4⅞	100	—	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 580 yen per share and at 138.55 yen per dollar. Fees 2¼%. (Daiwa Europe.)
SMC	$100	1995	4½	100	—	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 5,382 yen per share and at 138.15 yen per dollar. Fees 2¼%. (Nikko Securities Europe.)
Star Micronics	$150	1998	4	100	—	Semiannually. Redeemable at 100¼ in 1995. Convertible at an expected 2½% premium. Fees 2½%. Terms to be set July 29. (Daiwa Europe.)
Thermo Instrument Systems	$ 75	2001	6⅝	100	—	Semiannually. First callable at 104 in 1994. Convertible into company's shares at $26⅝ per share, a 14.05% premium. Fees 2½%. (Lehman Brothers Int'l.)
Toa	$100	1995	4½	100	—	Noncallable. Each $10,000 note with two warrants exercisable into company's shares at 709 yen per share and at 138.55 yen per dollar. Fees 2¼%. (Nikko Securities Europe.)
Marutomi Group Co.	DM 70	1995	5⅝	100	99.25	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Aug. 1. (Nomura Bank Deutschland.)
Toyo Shutter	DM 70	1995	5	100	—	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at 2,799 yen per share and at 78.93 yen per mark. Fees 2¼%. (Nikko Bank Deutschland.)
JGC Corp.	ECU 70	1995	5½	100	—	Noncallable. Each $5,000-ecu note with one warrant exercisable into company's shares at 2,122 yen per share and at 164.24 yen per ecu. Fees 2¼%. (Nikko Securities Europe.)
Mizuno	ECU 70	1995	5½	100	—	Noncallable. Each 5,000-ecu note with one warrant exercisable into company's shares at 1,692 yen per share and at 162.75 yen per ecu. Fees 2¼%. (Nikko Securities Europe.)

The Sword-to-Plow Program

Military Plant Near Moscow Turns to Milk Cartons

By Esther B. Fein

New York Times Service

PODOLSK, U.S.S.R. — Across the Soviet Union, people are starting their days by popping open milk and juice containers that are produced in Podolsk, thanks to machines that used to produce sophisticated military components too secret to be discussed.

The Luch Experimental Works factory in this industrial city about 15 miles south of Moscow was an integral part of the vast and secretive military industrial complex, producing parts for nuclear reactors, lasers and optics used in advanced weapons systems.

Now, as part of a joint venture with a Swedish company, the factory has been partially turned over to manufacturing machines that make cardboard containers for milk, orange juice, apple juice and guava juice.

Tetra Pak-Luch, as the joint venture is called, is a successful and apparently rare example of the Soviet Union's program to bolster its feeble economy and improve its deficit-riddled consumer market by converting military enterprises to civilian use as Soviet-American relations warm and new arms-control agreements are reached.

Operating in special areas of the plant marked off by cordons, Tetra Pak-Luch is an oasis of capitalism, a self-contained world of shiny tools, men in pressed coveralls with the company logo and even imported toilet paper, a scene that President Mikhail S. Gorbachev has said he hoped to see replicated throughout the military industrial complex.

Defense Industry Minister Boris M. Belousov said last month that his ministry had significantly cut its military-related production — for example, rocket launchers, tanks, armored personnel carriers — and increased its production of, among other consumer goods, washing machines, tape recorders and perfumes.

He said that in 1988, civilian goods accounted for 35 percent of his ministry's industrial output, a figure he said would rise to 65 percent this year.

But Soviet and Western experts say the Soviet program to convert industry from military to civilian uses is marked by internal dissent, secrecy, bureaucracy and ineptitude that has vastly hindered this cornerstone of Mr. Gorbachev's economic bailout blueprint, making it far from the economic triumph Mr. Belousov describes.

The vast military industrial complex is said by various informed experts to employ from 5 million to 8 million people in about 5,000 enterprises that occupy 2 percent of the country's territory and include about one-third of all the enterprises in Moscow alone.

This year, the Supreme Soviet earmarked 96.6 billion rubles ($161.4 billion at the official exchange rate) for the military industrial complex — 35 percent of the government budget.

But of the 400 enterprises scheduled for conversion, only five or six have actually been completely retooled, according to official sources.

Komsomolskaya Pravda reported recently that of the 120 products that were supposed to be manufactured by converted military industry enterprises, only 28 were actually being produced.

For so long, the military and civilian sectors were kept so separate that despite the sophistication and technological advances of the military industries, that expertise was never brought to the long-suffering civilian economy.

Generals once boasted of baby carriages and washing machines that were built at military factories.

Several years ago, when the Soviet leadership first introduced the idea of conversion, generals testified before legislative committees about the program's benefits, holding aloft pictures of baby carriages that were produced at missile factories and boasting that they were satisfied customers of washing machines built at military factories diversifying from their usual orders.

Now, leading generals often shrug off criticism of the conversion program.

Opposition comes from places other than the top. Labor unions often protest a plant's conversion because on the whole, workers in military enterprises receive significantly higher salaries than their civilian counterparts and they object vehemently to the prospect of lower wages and possible unemployment.

But inefficient planning and a bumbling bureaucracy seem equally responsible for the conversion program's problems.

BUSINESS BRIEFS

U.S. Machine Tool Orders Up 13%

WASHINGTON (UPI) — Machine-tool orders gained by 13 percent — or $172.9 million — in June, while shipments sank by 8.5 percent, a manufacturing trade association said in a report for release Monday.

The Association for Manufacturing Technology said, however, that orders during the first six months of the year were running 17.8 percent below the first half of 1990, and 34.8 percent below their standing in June 1990.

Shipments during the first six months of the year were running 21.1 percent below last year's figure, and 39.4 percent below June 1990.

But the association president, Albert Moore, said he was cheered by the June report, noting that export orders were 15.3 percent above the same period last year while shipments were up by 7.1 percent.

Taiwan's Economy Expanded in June

TAIPEI (AFP) — Taiwan's economy, recently stagnant, rebounded in June, signaling a resumption of steady growth after 15 months of downturn, officials said Sunday.

"The domestic economy has recovered rapidly as can be seen from our monthly composite index, which rebounded to the 'green light' category," officials of the Council for Economic Planning and Development said.

CEPD, the island's top economic planner, divides Taiwan's economic activity into five color categories, with green meaning the economy is stable and no longer in a slowdown.

Kuwait Loads Crude Oil for Export

KUWAIT (Reuters) — Kuwait loaded two million barrels of crude oil for export on Saturday, its first shipment since Iraq invaded the emirate almost a year ago.

"We are shipping about 261,000 tons, which is equivalent to about two million barrels," said the oil minister, Hamoud Abdulla al-Raqba. "I am very happy to see this day."

Nearly half of the 600 fires set by retreating Iraqi troops in Kuwaiti oil wells have been doused since the emirate was liberated at the end of February.

Morocco and France in Gas Accord

RABAT (Reuters) — France and Morocco have signed agreements for the transit of Algerian natural gas by pipeline across Morocco and Spain to France, officials said Saturday.

The French state company Gaz de France signed the agreements, described as formal framework accords, with the Moroccan energy and mines ministry and the state petroleum distribution company Société Nationale des Produits Petroliers.

Manila to Sell Bank Shares Abroad

MANILA (AFP) — The Philippine government intends to sell 10 percent of the shares in the state-controlled Philippine National Bank in Japan, the United States and Europe as part of a privatization plan, the bank president said Sunday.

The country's largest bank sold off 30 percent of its stock in a public offering in 1989, and plans to sell an additional 19 percent this year.

Germany Joins Air-Express Venture

Reuters

BONN — The German postal service said Sunday it would join five foreign partners to form a worldwide air-express and courier service to be called GD Net BV, based in Amsterdam.

The postal agencies in Germany, France, the Netherlands, Sweden and Canada will establish an international courier and express package firm with the Australian transport concern TNT Ltd., said the head of the German post service operations, Klaus Zumwinkel.

The joint venture will begin operations by the end of 1991 and is expected to have a revenue of $1.1 billion in 1992.

"There will be numerous large advantages," the German postal service said in a statement. "The unit costs will be reduced and a solid basis for future expansion of the joint venture will be established."

Mr. Zumwinkel said TNT brings to the joint venture its international network and its business, TNT Express Worldwide, with 11,500 employees and a fleet of 15 aircraft.

The five postal agencies will contribute to the joint venture their delivery and pickup networks. Under their current Express Mail Service international document service, they have revenue of about $100 million.

The parties have so far signed a letter of intent. The joint venture remains open for further partners and Mr. Zumwinkel said he was confident that European Community authorities would approve the joint venture.

He said the venture would receive considerable capital for investment.

France Defends EC Accord On Japanese Car Imports

Reuters

PARIS — French ministers defended a European Community accord to limit Japanese car imports into the EC until the year 2000 after a scathing attack by the head of Peugeot SA, Jacques Calvet.

European Affairs Minister Elisabeth Guigou of France noted Saturday that the agreement gave European carmakers a nine-year breathing space to meet Japanese competition.

"We have obtained agreement that the opening up of European markets will not be done until the year 2000. We have nine years to adapt our industry so that it becomes more competitive," she said.

Mr. Calvet has called for Japanese car imports to be frozen at present levels until the year 2003. On Friday, he called the EC accord "deplorable" and blamed President François Mitterrand personally.

Ambassadors from the 12 EC states agreed to the deal on Friday, but Tokyo has yet to approve it.

"It's a good agreement," said the junior foreign trade and industry minister, Dominique Strauss-Kahn said.

WALL STREET REVIEW

Figures as of close of trading Friday, July 26.

NYSE Most Actives

	Vol.	High	Low	Last	Chng.
PepsiC	102202	30⅛	29	29½	+ ⅛
RJR Nb n	101955	11⅜	10⅞	11¼	— ⅛
AmExp	86998	25¼	22¾	24¾	+ ⅞
Citicorp	86848	15⅛	14¾	14⅞	
LizClab	78628	42⅞	40	41⅞	—6½
C&S Savr	76013	27⅞	26¾	27	+1⅛
PhilMr	71937	66⅞	65½	66⅝	+ ½
AT&T	66845	40	39⅝	39⅞	
GenEl	62299	73¼	71⅞	72¾	— ⅞
BnkAm	61425	36¼	33½	33¾	—2⅝
BkBost	60944	10½	8⅝	10	+1⅜
Maxus	57664	9⅝	9	9¼	
IBM	57353	103	100	100½	
duPont	55783	49¼	46	48⅝	+1½
TelMex n	55726	32⅝	31¼	31⅞	— ½
WalMt	52278	47⅛	45⅝	46¼	— ½
Waste	51702	37¼	35⅜	36½	
GTE	51176	29⅞	29	29¼	
CmpAsc	50681	10¼	8½	8⅝	—1¼
TimeW rt	50033	8	3¾	4¼	—4
OcciPet	49844	23⅞	22⅝	23⅝	
BlackE s	49671	10⅝	9½	10⅛	+ ⅛
Unisys	48752	4⅛	3⅞	4	+ ¼
Sears	48657	40½	37¼	40¼	+2½
MIN	48260	7⅝	7⅜	7½	

AMEX Most Actives

	Vol.	High	Low	Last	Chng.
Ampal	32062	3⅞	3	3⅝	+ ½
FruitL	20262	16⅝	14½	16⅜	+ ¾
EchoBy	18120	9⅝	9¼	9½	— ⅜
DowC rt	14942	7	6½	6¾	— ¼
Amdhl	11260	15¼	13⅝	13⅞	—1
TubMex	10879	11⅛	10⅝	10⅞	— ¼
CornCr	10869	22¼	21¾	22	— ¼
A-dd sc s	9877	13⅛	10⅞	12⅝	+1⅜
IvaxCp s	8323	33¾	30⅝	31¼	— ¼
Hilhav	7648	2¾	2½	2½	— ⅛
Alza	7297	63⅛	59½	62⅝	+1½
ThrElc n	7249	12¼	11¾	12¼	
ClearC	7248	14½	13½	14	— ⅜
Kirby	6781	13	11¼	11¼	— ⅞
ENSCO	6429	2⅞	2⅝	2¾	— ⅛
NY Tim	6377	23⅛	21¾	22	— ⅞
MetMB	6280	17¼	16½	16⅞	
Harken	6208	5½	4⅝	5	+ ½
RhnP rt s	5779	3⅝	3⅛	3⅜	— ⅛
FarstL s	5574	40⅝	38⅞	40½	+1¾
vjCntAr	5559	2	1⅞	1⅞	— ⅛
MedcR	5433	14⅞	11¾	12⅝	—1⅜
CalEng	5322	14⅛	13⅛	13½	— ⅛
Belmac	5044	9½	7⅜	9¼	+ ⅜
FAusPr	5035	10¼	10	10⅛	+ ⅛

NYSE Sales

	Sales Vol.
Total for week	742,150,000
Week ago	931,830,000
Year ago	209,030,000
Two years ago	136,260,000
Jan 1 to date	25,738,510,000
1990 to date	22,719,740,000
1989 to date	22,992,760,000

AMEX Sales

	Sales Vol.
Total for week	48,800,C?0
Week ago	60,710,000
Year ago	17,170,080
Jan 1 to date	1,811,300,000
1990 to date	2,003,880,000

NYSE Diaries

	This Wk	Last Wk
Advanced	821	1260
Declined	1115	714
Unchanged	332	283
Total Issues	2268	2257
New Highs	163	233
New Lows	34	40

AMEX Diaries

	This Wk	Last Wk
Advanced	345	429
Declined	437	347
Unchanged	191	200
Total Issues	973	976
New Highs	58	60
New Lows	28	31

Euromarts At a Glance

Eurobond Yields

	July 24	July 17
U.S. $, 8 yrs & over	9.07	9.07
U.S. $, 5 to 7 yrs	8.57	8.60
U.S. $, less than 5 yrs	7.85	7.93
Pounds sterling, less than 5 yrs	11.31	11.49
French francs, less than 5 yrs	9.71	9.67
Ital. lire, less than 5 yrs	11.97	11.89
Danish kroner, less than 5 yrs	10.06	10.01
ECU, 8 yrs & over	9.23	9.17
ECU, 5 to 7 yrs	9.24	9.18
Can. $, less than 5 yrs	10.37	10.27
Aus. $, less than 5 yrs	11.67	11.99
N.Z. $, less than 5 yrs	10.46	10.27
Yen, 5 to 7 yrs	7.19	7.21
Yen, less than 5 yrs	7.51	7.48

Source: Luxembourg Stock Exchange.

Weekly Sales — July 25

Primary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	33.40	680.00	1,238.70	692.80
Convert.	—	8.80	—	—
FRNs	—	13.30	110.80	72.70
ECP	3,703.70	2,690.99	9,130.80	3,010.50
Total	3,737.10	3,393.00	10,479.50	3,776.00

Secondary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	4,992.90	12,728.30	13,116.60	15,383.50
Convert.	170.40	652.80	668.10	363.70
FRNs	2,375.80	842.00	3,612.30	3,749.80
ECP	3,967.70	2,301.10	3,020.40	2,690.30
Total	11,506.80	16,524.20	20,417.40	22,187.20

Source: Euroclear, Cedel.

Libor Rates — July 26

	1-month	3-month	6-month
U.S. $	6	6 1/16	6 5/16
Deutsche mark	9	9 5/16	9½
Pound sterling	11¼	11⅛	11
French franc	9½	9 9/16	9⅝
ECU	9 15/16	10 1/16	10 3/16
Yen	7 7/16	7 7/16	7¼

Sources: Lloyds Bank, Reuters.

U.S. Treasury Bonds — July 26

Maturity	Close Bid	Close Ask	Yield	Wk-ago yield
31.07.93	100 1/32	100 3/32	6.86	6.84
15.05.94	99 10/32	99 15/32	7.23	7.29
15.07.96	100 7/32	100 9/32	7.82	7.90
15.07.98	101 0/32	101 2/32	8.06	8.14
15.05.01	98 21/32	98 23/32	8.20	8.28
01.02.06	98 19/32	98 23/32	8.34	8.43
01.08.20	97 3/32	97 5/32	8.39	8.48

Source: Salomon Inc.

U.S. Consumer Rates — July 26

Tax Exempt Bonds	
Bond Buyer 20-Bond Index	7.12 %
Money Market Funds	
Donoghue's 7-Day Average	5.44 %
Bank Money Market Accounts	
Bank Rate Monitor Index	5.11 %
Home Mortgage, FHLB average	9.50 %

Source : New York Times Service, UPI.

EURO:

Market Gets Boost

(Continued from first finance page)

they hoped the EC would avoid the glutted five-year sector and establish a new Ecu benchmark by making the new issue an extension of its existing 500 million Ecu, seven-year bond.

The Ecu sector stands to benefit if European bond markets rally later this year, as Mr. Yeats-Edwards and Mr. Tyley predicted. Any rally will have to await a bottoming out of the benchmark German market, though, Mr. Tyley said. German bonds aren't likely to stabilize unless the Bundesbank raises its discount rate when officials return from their summer holidays in mid-August, he said.

For many analysts, any doubts about the prospect of a rate increase were eliminated on Friday when figures showed inflation in Western Germany surged to 4.5 percent in July.

A rate hike should help steady German bonds by reinforcing the Bundesbank's anti-inflation credentials and shoring up the Deutsche mark. But the biggest gains in Europe should be in France, where the yield premium compared with German bonds should fall to less than a quarter of a percentage point from about half a point now, and in Belgium and Denmark, which should see their premiums relative to French yields decline, Mr. Tyley said.

EC and EFTA Still Talking

Reuters

BRUSSELS — The European Community and the European Free Trade Association were running out of time on Sunday in their efforts to finalize a deal on forming a common market by a Wednesday deadline, diplomats said. They said nonstop weekend talks had failed to produce a breakthrough.

Traders Wait for Treasury Refunding

Compiled by Our Staff From Dispatches

NEW YORK — The period of new supply the U.S. Treasury market has been waiting for begins Wednesday with news of the size of the quarterly refunding.

Economists said the Treasury's funding needs for the third quarter

U.S. CREDIT MARKETS

may not be as high as first thought, but will still mean a record refunding package of around $38 billion.

"The good news is that the Treasury needs less than the worst-case scenario in the market, but the bad news is it still needs a record everything," said Joseph Plocek, an economist at MCM Inc.

"We think the size of the August refunding operation may be as high $38 billion," said Kathleen Stephansen, economist at Donaldson, Lufkin and Jenrette Securities Corp.

She said the refunding package would likely be split into $14 billion of three-year notes, $12 billion of 10-year notes and $12 billion of 30-year bonds.

At a gross size of $38 billion, the August refunding would be $1 billion more than the record May refunding package and would raise more than $16 billion in new cash.

The main reason views of the refunding have changed is a change in forecasts for the Treasury's financing needs.

At the May refunding, the Treasury estimated its borrowing needs in the third quarter at $110 billion to $115 billion.

This was based on the assumption of a decline in tax receipts due to the recession, and an increase in spending by Resolution Trust Corp. on the savings and loan bailout.

More recent Treasury budget figures have shown it may have overestimated the amount to be spent by RTC in the quarter, and may have fared better on tax receipts.

Mr. Plocek of MCM said he saw a financing need of around $85 billion for the third quarter, while Ms. Stephansen put the borrowing requirement at $93.7 billion.

An outcome in line with these estimates would be another record, as the Treasury's previous largest quarterly market borrowing was $84.1 billion in the fourth quarter of 1990.

The good news for the market is that in anticipation of higher needs the Treasury has already raised a substantial amount of the money that it needs via regular auctions of T-bills and two-year and five-year notes.

Thus, once the refunding auctions are complete, bill and note auctions for the remainder of the quarter are likely to be kept at around current levels rather than be increased, although there is a chance of a cash management bill.

Traders said the market's reaction to the refunding would be muted until it saw the July U.S. employment figures, which are due out on Friday.

"A lot depends on the employment numbers. You have to expect the market is going to sell-off before the auction and the numbers may provide the reason," said one trading manager.

A stronger-than-expected rise in employment would provide the market with a reason to go down, economists said.

Michael Boskin, chief economic adviser to President George Bush, took the unusual step Friday of warning that the much-anticipated economic recovery could be in jeopardy unless the Fed puts more money into circulation, a move that would lead to lower short-term interest rates and would give the economy a jolt.

If the money supply and credit do not begin to grow soon, "obviously the Fed will have to take some more action," Mr. Boskin said at the White House.

The key U.S. Treasury bond gained nearly a point in the past week, ending at 97-3/32 on Friday to yield 8.39 percent against a previous Friday close of 96-4/32 or an 8.48 percent yield. The gains were mostly due to growing doubts about the strength of the economic recovery.

Meanwhile, Fed funds ended the week at around 5-11/16 percent and were seen opening on Monday at 5¾ percent. *(Reuters, UPI)*

Britain Urges Changes in Export Credits

Reuters

LONDON — Britain is urging Western governments to apply market premiums to the guarantees they provide on loans to their exporters.

Subsidizing export credits has in the past created a form of "unintentional aid," the Treasury said in its quarterly bulletin.

The British government recently agreed to write off around £750 million ($1.27 billion) of debt owed by Poland and £300 million of debt owed by Egypt in agreements worked out with the Paris Club of government creditors.

A large part of this debt arose from export credits, which those countries had failed to repay and which became owed to the British government through guarantees provided by Britain's Export Credit Guarantee Department, the Treasury said. The debt forgiveness was "a recognition of unintentional past aid, which has not been well targeted; has not been going to the most deserving cases; and has not been aimed at the best projects," the Treasury bulletin said.

To prevent this from happening again, the Treasury said, Western governments should stop subsidizing guarantees on export credits, as Britain did earlier this year.

General Agreement on Tariffs and Trade rules already discourage such subsidies, the Treasury said. "We should resolve to apply the existing GATT rules and henceforth seek to operate export credit schemes on an unsubsidized basis," the Treasury said.

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NOTICE TO ALL UNITHOLDERS

Effective August 26th, 1991, Articles 1, 2, 4, 5, 6 & 11 of the Management Regulations will be modified, comprising essentially of the following changes:

— The integration of an additional compartment, the Citicurrencies AUD Portfolio. Units will be issued at an initial price of 100 AUD. Citicorp Investments Limited, Australia will act as investment advisor for the portfolio.

— The Fund will invest 20% or more of the assets of each portfolio in money market instruments andd in liquid assets.

— Subject to the principle of risk spreading, the Fund may, for each portfolio, invest up to 100% of the net assets in transferable securities issued by the same body, providing that these securities are issued or guaranteed by a member state of the EEC, by its local authorities, by a government in Western Europe, North America, Japan, Australia or New Zealand or by public international bodies of which one or more EEC member states are member.

— For the purpose of efficient portfolio management, and to provide protection against exchange risks, the Fund is authorised to engage in financial futures and options contracts with respect to interest rates and currencies.

— In order to take advantage in perceived trends in exchange rates and maximise potential performance in US Dollar terms, the Fund may for the Citicurrencies Managed Portfolio, engage in foreign exchange transactions for trading purposes. The Citicurrencies Managed Portfolio is a high risk portfolio and returns normally associated with money market yields can in the short term be more than offset by currency fluctuations.

Citibank (Switzerland) has been appointed Investment Advisor to the Citicurrencies YEN Portfolio in lieu of Citibank N.A., London.

The Management Company

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, July 26.

Stock	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
A							
A&W Bd	.40	1.1	2455	35½	34¾	35	— ¾
ABS	.32	4.9	287	7¼	6½	6½	
ACC Cp	.16	1.5	869	11	10½	10⅝	+ ⅛
ADC			12178	29¼	26⅞	28	— ¾
ADT	†		34343	9⅜	8½	8⅝	— ⅜
AEL			417	6¾	6¼	6¾	+ ½
AEP			155	12⅞	12	12¾	+ ½
AESCp			4845	25	22	22½	—1¼
ASK			4428	10¼	9	10	+ ⅞
AST s			36316	25⅞	23½	25¼	+1
AgrnRt	.10	1.0	208	10⅛	9⅝	10⅛	+ ⅜
AbingB			68	3¾	3	3¼	
Abrams	.20	6.4	15	3¾	3⅛	3⅛	+ ⅛
Accel	.24	3.1	824	8⅝	6⅞	7¾	— ¼
Aclaim			4530	3⅞	2¾	3⅛	+ ⅜
Acelo	.28	2.4	9	11¾	11¾	11¾	
ACMT			25	11¾	11½	11¾	+ ¼
Acmt p			10			6⅞	
AcmeSt			878	15	14¼	14½	+ ¼
ActARt			807	1⅜	1⅛	1⅛	— ¼
Acclom			1507	12¼	10¾	12	+ ¾
AdacLb			2491	1⅝	1⅜	1⅜	
Adage s			24	9¼	8	8⅛	+ ⅛
Adapl			2643	13⅝	12½	13	— ½
Adinat s			505	8¼	7⅜	8	— ⅜
AdiaSv	.16	.7	838	23	21	22	— ½
AdobeS	.32	.6	17818	51½	47½	49¼	— ¾
Adtec			197	2¼	2⅛	2⅛	— ⅛
AdvRos			346	10	9⅝	9⅝	— ⅜
AdvCir s			1280	8⅜	8⅛	8⅛	
AdvLog			4237	14½	14	14½	+ ½
AdvMag			223	25½	20	21	—2¾
AdMkSv			293	2½	2⅜	2⅜	— ⅛
AdvPoly			5759	5¾	5¼	5¾	+ ½
AdvPro			2642	7⅜	7⅛	7⅛	
AdvSem			66	4	3⅜	3⅜	
AdvTel			9808	20¼	19½	20	— ¼
Advanta	.20	.9	4936	23¼	20½	22¼	+2
AdvoSy			3880	20	19⅝	19¾	— ⅝
AealsG	.25e	3.9	2	6⅛	6⅛	6⅛	
Aegon	1.63r	2.6	60	61⅜	60	61⅜	+2⅝
Aequtrn			1379	3⅛	2⅝	2⅝	— ⅜
AerSysI			85	½		½	+ ⅛
Aerovx			1068	7½	7	7	— ⅜
AllBcCp			398	½	¼	⅜	+ ⅛
AfIBsh	.08e	.4	1325	19½	19	19½	+ ⅜
AgncyR			3077	9⅝	9	9⅛	— ⅛
Agnico g	.20	3.9	1037	5⅝	4⅞	5⅛	
Agourn			613	17	14⅞	15½	—1½
Ahold			747	41⅞	41⅛	41½	— ⅜
Alcorp			7472	6¼	3½	4⅝	—2⅝
AirWisc			2050	9¼	8⅞	9⅛	— ⅛
Airtran	.20	2.0	639	10¼	8¾	10	+ ⅞
Akorn	.07	3.3	916	2⅝	2⅛	2⅛	— ⅜
Akzo	1.37e	4.7	3384	29⅞	28⅝	29⅛	— ⅝
Alatan	1.10	7.0	83	16¼	15⅛	15⅝	— ⅝
Aldus			33359	43½	35	39½	—3½
AlexBr	.28	1.6	9916	18⅝	16⅛	17	—1
AlexBld	.88	3.8	5472	23½	22⅛	23	
AlfaCp	.44	3.7	181	12¼	11⅞	12	— ⅛
AliasR			4802	20	18⅛	18⅝	— ⅞
Alico	.15	.7	36	20½	20¼	20½	— ⅛
Alkerm			3090	11	9⅛	10⅛	— ⅞
AllAm s			431	1¼	1	1¼	+ ⅛
AllCity			40	6	5⅞	6	+ ⅛
AlegW			238	5	4⅝	4⅝	
AlnOrg	.40a	1.3	24	32½	31½	31¾	+ ¼
AlianPh			2678	14¼	13⅛	14	
Aliant h			185	⅞	¾	⅞	+ ⅛
AlldCap	1.29e	7.9	300	17	16¼	16¼	— ½
AldCall	1.00e	6.4	794	16	15¼	15¾	— ⅛
AlldCl			2184	24½	23	23½	+ ¼
AlldGp	.56	3.2	141	18¼	17¼	17¾	— ½
AlldRsh			576	16	14⅞	14⅞	— ⅜
AllstFn			1455	12¼	10	11½	+1¼
Allwst			7779	5⅝	5	5⅜	— ⅛
Aloette	.32	2.7	109	12	11	11¾	— ¼
AlpMic			347	3⅝	2⅞	3	—
Alphari			4294	2	1⅝	1⅝	+ ⅛
AlpLce			690	7½	6⅝	7¼	
AltaGld			890	1⅛	⅞	1	— ⅛
AltaHlt			2183	13½	12	13½	+ ⅜
Altai			1	1¾	1¾	1¾	
Altera			10974	19⅞	18⅜	19⅜	— ¼
Altron			538	5	4¼	4¼	
Amvest			1557	2⅜	1⅜	2¼	+ ¼
AmcorF	.56	3.5	446	16¼	16	16	
Amrion	.56	5.0	94	12	11¼	11¼	
Amerbc			105	2½	2⅛	2¼	
AFFMP2	1.99e	29.5	758	6¾	6½	6¾	+ ¼
AFFF	1.50	7.1	531	21⅝	20¾	21¼	— ½
AmFPr	1.30	10.8	229	12¼	11½	12	— ⅛
AFTxE	1.00	11.4	573	8¾	8¼	8¾	
AFTxE2	1.28	14.4	379	9	8⅝	8⅞	+ ½
vIAWAirl			5120	2⅜	2⅛	2⅜	+ ⅛
AmBcp	1.00e	5.9	5	17	17	17	
ABnkr	.60	3.7	1377	16⅜	16	16¼	
AmBlod			4931	10¾	9	10¼	
AmCity			256	17¼	16¼	17	+1
AClam s			376	9¼	8½	8½	— ½
AColold	.44	4.8	80	10⅛	9⅝	9¼	— ⅛
AConsu			52	3¼	2⅞	3⅛	— ⅜
AmDntl			4260	15¼	12¾	14⅝	+ ⅝
AmEcol			1151	15½	13⅞	14¾	+1
AFSvDu			2	5¼	5¼	5¼	— ⅛
AFilm			4137	4¼	3½	3⅝	— ⅝
AFiltrn	.94	4.4	10	22	20½	21½	— ½
AGreet	.70	2.2	8994	34½	31½	32¼	—2
AHlfSv			2394	1⅝	1½	1½	— ¼
AIndF	.08	1.2	91	7⅝	6⅝	6⅞	+ ¼
AmIntg			2291	5⅝	4⅞	5⅜	+ ⅜
AmLck			15	3	2⅝	2⅝	— ⅛
AMS			381	22¼	20½	20½	—1½
AMedE s			2174	13	11⅞	12½	+ ⅝
ANtIns	1.72	5.3	1428	33½	29	32¼	— ¾
ANuclC			19	2⅞	2	2⅜	+ ⅛
AmNurs			520	1	⅞	1	
AmPac			1609	11⅛	10⅛	11¼	+ ⅜
APhyG			43	1⅛	1¼	1⅛	+ ⅛
APwCv s			10720	28½	26	27⅝	+1½
ARepBc			8	6	5⅞	5⅞	
ASoft	.24	1.9	4038	12⅝	11⅞	12⅝	— ⅜
AmStf			48	1⅞	1½	1½	
ATvCm			2671	41½	39	40⅝	— ⅛
ATrav s			3705	14⅜	13⅞	13¾	— ¼
AVang			12	6⅝	6⅜	6⅜	
AWood			172	3⅝	3¼	3⅜	+ ⅛
AmAll	.21e	4.8	371	4⅝	4	4⅜	+ ⅛
Ameritr	.64	2.5	19623	25⅞	24½	25½	+ ⅞
Amgen s			27838	143¼	136½	140¾	+2¼
Amistar			10	1⅝	1⅝	1⅝	—
Amoskg			112	11¾	10¼	10½	— ¼
Amoicn			105	15	14¼	14¾	— ¼
Amserv	†		135	3½	3¼	3½	— ⅛
AmicCp			917	13½	12¾	13½	+ ¾
Anlogic			826	11⅛	10½	10⅞	— ⅜
AnalyTc	.19	1.8	65	11¼	10½	10⅝	— ⅜
Analy	.56	4.1	308	14	13¼	13¼	
Anangel	.90e	6.0	459	15⅛	14¾	15	+ ⅛
Anaren			33	3⅛	3⅛	3⅛	
AnchBc			2526	3	2⅝	3	+ ⅛
AndrGr			20	7¾	7¾	7¾	— ¼
AndvBc			592	4	3	3¼	— ¾
AndvTg			26	3¼	2½	3¼	+ ⅛
Andrew			2435	32¼	30¾	32¼	+1
Andros			476	6⅛	6¼	6⅛	— ¼
Apertus			569	1⅞	1⅜	1½	—
ApogEn	.36	1.8	492	14½	13¾	14⅛	+ ⅝
Applan			5219	⅝		⅝	— ⅛
AppleC	.48	1.1	45823	46½	44½	44⅞	—1⅝
Applebee	.04e	.4	1131	10⅝	9⅝	10	+ ⅜
ApdExtr			3387	10⅝	9⅜	10½	+ ⅜
ABiosc s			1470	33⅛	29¾	32½	+2½
ApldBio			3675	14	11⅛	11⅞	—2
ApdImu			398	14⅞	13¾	14⅛	+ ¼
ApldMt			10309	31	29¼	30¾	— ¾
ApldPw	.12	.7	787	17¼	16¼	16¾	—1¼
ApldSir			214	5¼	4⅞	5¼	+ ¼
ArabSh			15	2⅛	2	2	— ⅛
Arbor s	.14	.7	927	19⅛	18⅜	18⅞	— ½
Archive			4602	4⅝	3⅝	3⅞	— ⅝
Arctco			1501	9	8⅝	8⅞	— ⅛
Arden			66	38	34⅞	38	+3
ArgoGp s	.68	2.7	871	26⅛	25½	25½	
Aritch			105	2⅝	2⅛	2¼	— ¼
ARIX			4401	⅞	½	½	—
ArkaFt			180	30½	29	30	— ½
Armor	.48	4.5	500	11¼	10¼	10¾	
Arnold s			380	27¼	25	25	—1⅞
ArowFn	.40	5.2	341	7⅝	7⅛	7¾	+ ¼
Artel			3169	1⅝	1⅜	1⅝	+ ⅛
ArtistG s			2015	11½	10	10⅜	+ ¼
ArtWay	.40	3.6	100	12	11	11	+ ¼
Ashton			25995	16⅞	15½	15⅞	— ¾
Askmr			509	4⅝	4¼	4⅝	— ⅛
AspctTl			1762	7⅝	7	7	— ¾
AspenBk			606	8½	8	8½	+ ¼
Assnim			57	1⅛	1⅛	1⅛	— ⅛
AssLx			552	2⅞	2⅜	2⅝	+ ⅛
AsdBnc	.80	2.7	597	29½	28⅝	29⅝	+ ⅛
AsdCmA s			25	14	14	14	— ½
AsdCmB s			1671	15	14	14⅛	+ ¼
Astec			11	3¼	3½	3½	— ½
AstrM s	.03e	.2	223	15	13⅞	14½	
Astron			506	2⅝	1⅞	2	+ ⅛
Astrosy			35	3⅝	3⅜	3⅜	
Atek			36	3¼	3	3	— ¼
Athey			103	5½	5	5⅛	+ ⅜
Atkinsn			375	8¼	7¼	7¼	—1¼
AtlAm			48	1⅜	1¼	1⅛	— ⅛
AtlSeAr	.60	1.8	1148	35½	33⅛	33⅝	—1½
Atmel			6112	14⅝	12¾	13	—1½
AtwdOc			260	10⅛	9½	9½	—1
AuBon			9670	13	11¼	11¾	— ⅜
AuraSy			15259	7⅝	6½	7¼	+ ⅝
AutTrT	†		18	1⅞	1⅞	1⅞	+ ¼
Autoinf			863	5⅞	4⅞	5	+ ⅜
Autoclv	.24	3.3	358	7½	7	7¼	— ¼
Autodk	.48	.9	10097	54¼	50¼	53	— ¼
Autodie			70	2½	2	2½	+ ⅛
AutSec	.22e	3.3	5512	7	6½	6⅝	— ⅜
AutoCp	†		50	12⅛	11	11	
Avntek			2227	2⅜	2	2	— ⅛
Avatar			707	22¼	21½	21½	— ¾
Avndle			400	3⅛	3	3	— ⅛
Aztar			5701	6⅞	6¼	6⅝	— ⅛
AztcM	.10b	2.4	146	4½	3⅝	4¼	
B							
BH Bulk			23	2⅛	2⅛	2⅛	— ⅛
BB&T s	.84	3.8	2387	22½	20¾	22	+ ¾
BEI El	.08	.8	491	9½	9	9½	+ ½
BEI			1133	4⅞	4⅝	4⅝	+ ¼
BF Ent			1	2½	2½	2½	— ⅛
BFS NY			626	4⅝	3	3⅛	—1⅜
BGS	.60a	1.9	87	33	31½	32	+ ½
BHA			1863	15	13⅝	13¾	—1⅛
BHA B			243	14⅜	14	14	— ⅛
BI Inc			6645	8⅝	5⅞	7	—1⅝
BKLA			17	4⅝	4	4	—1⅛
BMC Sft			5216	46¼	43⅝	44	— ⅞
BMJ	.40	5.2	12	8	7⅝	7¾	— ⅛
BMR Fn			45	4¼	3⅞	3⅞	— ⅛
BNH			191	3	2⅞	2⅞	
BSB Bcp	.72	4.9	391	15	14⅛	14⅝	+ ½
BT Fin	.88	6.0	86	15	14½	14⅝	+ ⅛
BT Shp	.50r	5.4	2064	9⅝	8½	9¼	+ ¾
BTU Int			259	2⅛	1⅞	2	+ ⅛
BWIP			5754	18¼	17⅛	18	+ ⅛
Babage			66	12	11⅜	11⅝	— ¼
BadgrP	.68a	2.8	72	25¾	24	24¼	+ ¼
Bailey			121	1½	1⅜	1⅜	— ⅛
BkHg wt			1927	5¼	4⅞	4⅞	— ¼
Baker J	.06	.5	5774	13⅝	12¼	12⅞	—1⅛
Balchm			5	9	8⅝	8⅝	+ ¼
BaldLy	.30	1.3	1	24	24	24	
BldLyB	.30	1.3	13	23	23	23	
BaldPia			7	11½	10⅞	11	+ ¼
Balard s	.07	.2	1130	40	38⅜	39¾	— ¼
Baltek	.07l		47	5¼	5	5⅛	+ ⅛
BanPn s	.80	4.5	475	18½	17⅜	17⅜	— ⅛
BcOne pfC	L50	6.2	1554	57¼	56⅞	56⅞	— ½
BcMiss	.92	3.8	21	24¾	24½	24½	+ ½
BcpNJ	.48	5.3	30	9	9	9	
Banctec			970	13	11⅜	13	+1¼
BandoM	.88	9.0	127	9¾	9⅝	9¾	+ ⅛
BangH	1.28	8.7	1661	15½	14¼	14⅝	— ⅝
BkSou	.39l		5734	7⅛	6¼	6⅝	+ ⅜
BkGran	.44	2.1	41	22	20½	20½	—1⅜
BnkNH	.05l		23	5¾	5½	5½	— ½
BkSPed	†		9	6½	6	6½	
BankAtl			38	1⅛	1	1⅛	+ ⅛
BkWorc			1808	8⅝	6⅞	8¼	+1½
Bankrs	.52	3.1	710	16½	15⅛	15⅜	— ¾
BnkFsl			986	6⅛	5⅝	5⅝	— ⅜
BkrNle			1681	¾	½		—
Bknth			781	9½	8½	8⅝	—1
BkMAm			186	9½	8½	9	— ⅜
Banta	.56	2.2	839	26¼	25⅛	25¾	— ⅜
BanyMt			67	¼	⅛	⅛	
BanyM2			113	⅛	⅛	⅛	
BanyM3			648	⅛	⅛	⅛	
BanySL2			523	1⅛	1	1⅛	+ ⅛
BanySL	.51e	16.3	314	3¼	3	3⅛	+ ⅛
BaretRs			571	3⅞	3⅜	3⅝	
BaryJw			1	1⅛	1⅛	1⅛	— ⅛
BsTnA			285	2¾	2½	2⅝	— ⅛
BosAm			517	8⅛	7⅞	8⅛	+1
BasPir			12	31	28	28	
BsetF	1.00a	2.8	242	37	34½	35⅝	— ⅜
BayVw	.60	3.4	3251	18	17	17¾	+ ½
BayBks			2458	17	15⅛	16¼	+ ⅝
Bayprt			1033	⅝	⅝	⅝	
BEAvion			1655	14½	13¾	14	
BeaufCll	.28	1.1	949	27¼	25¼	25¾	—1½
Beebas	.07e	.7	307	9⅝	9¼	9½	
BelFuse			238	3⅞	3⅛	3⅝	— ⅛
Belmri			116	¼	⅛	⅛	
BenJer			650	24¼	23	23½	— ¼
Benhan			292	1⅜	1¼	1½	+ ¼
Berkley s	.32	1.1	1277	31	28⅝	28⅝	—2¼
BerkGs	1.08	8.3	116	13⅛	12¾	13	— ⅛
Bertucl			971	19	17⅜	18⅞	
BerzLb s	1.24	2.3	3485	56¼	54⅞	55	—1⅝
Big B	.12e	1.0	785	13½	12½	12½	—1½
BigOTr			839	⅛	⅛	⅛	
Bindly	.06e	.4	1296	15⅜	14⅞	15	— ⅛
BioLog s			243	7	6	6¾	
Bioqen			11313	27⅞	25⅞	26¼	— ¾

(Continued on next page)

Judging a

By Carole Gould

New York Times Service

NEW YORK — Can you judge a ... over? In the case of mutual funds, ... yes, says Don Phillips, vice p... Morningstar Inc., a mutual-fund ... firm based in Chicago.

Morningstar analysts grade th... shareholder reports every year. The ... report — everything from how th... assesses a fund's performance to th... of those disclosures — is not as imp... fund's total return or risk.

But there is a surprising correlati... the two. Good reports "demonstrate ... for shareholders that is apt to carry ... other aspects of the fund, like fee lev... avoidance," Mr. Phillips said.

Mutual-fund prospectuses includ... hard chunk of information that fun... quired by law to disclose, but share... ports — issued semi-annually by ... sometimes published more frequen... less consistent.

Many reports "deteriorate into a ... ment, full of bland, uninformative ... worse, a quasi sales tool." Mr. Phillip... He says that favoring funds wit... ports — ones that help investors un... fund's strategy — increases investor... for long-term success. Investors wh...

DEALERS: Br...

(Continued from first finance page)

widows and children of some of France's most famous artists were living in poverty.

All EC countries except Britain, Greece, Ireland and the Netherlands now have some form of droit de suite, mostly applying to resales up to 50 years after the artist's death. The levies, usually funneled through collecting societies, range from 2 percent in Spain to 3 percent in France, 5 percent in Germany and up to 6 percent in Belgium.

Italy has a droit de suite law, but it is so complex — applying only to the added value of artwork between resales — that everybody has given up trying to enforce it.

Critics of a Community-wide ...

CHICAGO EXCH...

Figures as of close of trading Friday, July 26.

AMERICAN EXCH...

Figures as of close of trading Friday, July 26.

The International Herald ... a week Monday ...

هكذا من الأصل

Judging a Fund by Shareholder Reports

By Carole Gould
New York Times Service

NEW YORK — Can you judge a book by its cover? In the case of mutual funds, the answer is yes, says Don Phillips, vice president of Morningstar Inc., a mutual-fund consulting firm based in Chicago.

Morningstar analysts grade thousands of shareholder reports every year. The quality of a report — everything from how thoroughly it assesses a fund's performance to the timeliness of those disclosures — is not as important as a fund's total return or risk.

But there is a surprising correlation between the two. Good reports "demonstrate a concern for shareholders that is apt to carry over into other aspects of the fund, like fee levels and risk avoidance," Mr. Phillips said.

Mutual-fund prospectuses include a standard chunk of information that funds are required by law to disclose, but shareholder reports — issued semi-annually by law, but sometimes published more frequently — are less consistent.

Many reports "deteriorate into a lifeless document, full of bland, uninformative prose or worse, a quasi sales tool," Mr. Phillips said.

He says that favoring funds with good reports — ones that help investors understand a fund's strategy — increases investors' chances for long-term success. Investors who are well educated are less likely to buy at the peak or sell at the bottom. And funds with better reports tend to operate more efficiently.

Morningstar recently correlated its shareholder report grades with each fund group's expense ratio, the ratio of fund expenses to average net assets. Funds with reports graded A had average expense ratios of 1 percent, with those costs peaking at 2.16 percent for funds whose reports rated an F.

Some reports 'deteriorate into a lifeless document, full of bland, uninformative prose or worse, a quasi-sales tool.'

Most important, though, is the relationship that Morningstar found between the quality of shareholder reports and a fund's performance. It does not hold both ways, Mr. Phillips said, because a few good fund groups, including Janus, Lindner and Mutual Shares, issue bad reports.

But almost no bad funds produce good reports. As a result, investors who demand quality reporting automatically screen out most of the weaker funds, he says.

Morningstar began to rate the reports in 1989. By coincidence, grades for the 25 largest fund groups form a nearly perfect bell curve, with the most common grade a C and the average a C plus. The high scorers among the top 25 include Vanguard (A), Merrill Lynch (A), T. Rowe Price (A minus), Templeton (B), Lord Abbett (B) and American (B).

Among its criteria, Morningstar gives most weight to a report's "Letter to Shareholders." This should inform shareholders of a fund's goals without resorting to vague phrases like "management focuses on companies with improving prospects."

Sovereign Investors, for instance, gets high marks for including price/earnings ratios, historical earnings per share and dividends per share for each of its stock holdings.

The numbers demonstrate that the stocks are selected with a specific investment discipline that investors can understand; shares are sold when they no longer meet those criteria.

The tone of the letter speaks volumes, Mr. Phillips says. For instance, some always end by urging investors to buy more fund shares. By contrast, the Nicholas Fund provides historical price/earnings multiples for its fund shares.

DEALERS: *Brussels Bureaucrats Lead Debate on Droit de Suite in Art*

(Continued from first finance page)

widows and children of some of France's most famous artists were living in poverty.

All EC countries except Britain, Greece, Ireland and the Netherlands now have some form of *droit de suite*, mostly applying to resales up to 50 years after the artist's death. The levies, usually funneled through collecting societies, range from 2 percent in Spain to 3 percent in France, 5 percent in Germany and up to 6 percent in Belgium.

Italy has a *droit de suite* law, but it is so complex — applying only to the added value of artwork between resales — that everybody has given up trying to enforce it.

Critics of a Community-wide *droit de suite* say it would be an organizational nightmare, and that Brussels bureaucrats are better suited to fishing and farming than to paintings and sculpture.

"The London art world is very nervous about the introduction of *droit de suite*," said a British diplomat in Brussels. "If the galleries and auctioneers have to pay money to the family of the person who has done the art, all the sales would go to New York."

The EC Commission says it is open-minded on whether *droit de suite* needs to be uniform throughout the Community. It sent a 10-part questionnaire to interested parties earlier this month. Replies are due by Oct. 1, and a public hearing will follow.

"But we are aware that there can now be a distortion of competition," said an EC official. "We know that some Belgian paintings were sold in London and bought by Belgians in order to evade droit de suite and sales taxes."

A lawsuit brought by a German artists' group, still pending in Düsseldorf, seeks to collect *droit de suite* from a German who sold some works by the German sculptor Joseph Beuys through Christie's in London.

"Many foundations are run exclusively from *droit de suite* collections," said Mr. Pfennig, including the museum for painter Emil Nolde in the northern German town of Seebull.

Germany, which applies *droit de suite* up to 70 years after an artist's death, has an elaborate system: galleries and auctioneers pay a collecting society an average of 1.3 percent of their annual income based on sales of all art made after Jan. 1, 1900. The collecting society then distributes 5 percent of the resale price to the artist.

Why the discrepancy between the 1.3 percent take and the 5 percent outlay?

"Because the German law says *droit de suite* can only be paid to countries in which *droit de suite* exists," said Mr. Pfennig, meaning that the absence of *droit de suite* in Britain and other countries helps keep down the fees paid by German galleries.

WORLD STOCKS IN REVIEW

Via Agence France-Presse

Amsterdam

Share prices edged down slightly on low volume on the Amsterdam stock exchange last week. The CBS all-share index closed Friday at 199.30 points, down from 199.80 the previous Friday.

Total turnover fell from 6.8 billion guilders to 6.2 billion guilders, of which 2.5 billion was in equities, down from 2.6 billion the previous week.

Overseas buying helped push stock of the electronics group Philips NV to a high for the year, at 33.60 guilders, on Friday, after the company announced that it had agreed to sell its information-systems division to Digital Equipment Corp. of the United States.

Frankfurt

Prices lost ground on the Frankfurt market as concern about inflation and a possible increase in interest rates worried German and foreign investors.

The DAX index closed Friday at 1,605.64 points, marking a loss of 18.35 points, or 1.13 percent, from the previous Friday. The Commerzbank index finished at 1,895.10 points, a loss of 20 points on the week.

Total volume on Germany's eight stock exchanges was a low 18.42 billion Deutsche marks, down from 21.47 billion the previous week.

Analysts said the publication of figures that showed an annual 4.5 percent inflation rate in the former West Germany caused concern among many investors, as did indications from the central bank that an interest-rate rise was on the cards.

Allianz AG, the insurance giant, gained 27 DM to close at 2,192 after reporting a dividend of 13.50 DM this year, up from 12 DM previously.

In banking, Dresdner Bank was down less than 1 DM, Commerzbank lost 1.50 DM and Deutsche Bank was down 6.50 DM.

Hong Kong

Gains continued on the Hong Kong Stock Exchange, and the barometer Hang Seng Index closed out the week at another record high. The index gained 21.94 points to end Friday at a record 4,031.29 points.

Average daily turnover fell sharply to 1.69 billion Hong Kong dollars, from the previous week's 2.28 billion dollars.

The U.S. Senate action imposing conditions on the renewal of most-favored-nation trading status for China sent stock prices higher on Wednesday. Nonrenewal of MFN status would have seriously affected Hong Kong, which handles much of China's trade.

London

Prices rose to record highs on the London Stock Exchange as better-than-expected company news and encouraging economic data provided a boost.

The Financial Times index of 100 leading shares gained 47.7 points during the week, or 1.8 percent, to close at a record 2,589.3 points on Friday.

The London market posted gains on reports that Britain had registered its first current-account surplus in more than four years in June and that retail sales had climbed a strong 1.3 percent during the month.

Strong interim results from Imperial Chemical Industries and Lloyds Bank provided support.

Milan

The market moved higher, though uncertainty over the domestic political situation continued to weigh heavily on the exchange.

The MIB index closed Friday at 1,113.00 points, for a gain of 9 points on the week.

The Comit index gained 0.7 percent during the week to close at 571.82 points on Friday.

Paris

The Bourse posted slight gains during the week as investors closed out positions ahead of the August holidays.

Concern that a possible increase in German interest rates could rule out a cut in French rates in the short term dampened the climate.

The CAC-40 index closed Friday at 1,767.66 points, for a gain of 0.23 percent from 1,763.54 points a week earlier.

Daily turnover remained low at between 1.5 billion francs and 2 billion francs a day.

Singapore

The market posted solid gains on active support from both local and foreign institutional investors.

The Straits Times Industrial Index gained 48.99 points during the week to close at 1,504.87, while the Stock Exchange of Singapore all-share index added 11.45 points to 405.21.

Volume rose to 310.7 million shares worth 644.8 million Singapore dollars, from 189.74 million units worth 372.53 million dollars the previous week.

Investors traded heavily in property-related stocks. DBS Land topped the active list on volume for the week of 13.74 million shares.

Tokyo

The Tokyo Stock Exchange posted solid gains during the week as prospects of lower interest rates overcame the impact of the scandal surrounding the Big Four and other brokerages, in which major securities firms compensated clients.

The Nikkei average ended the week Friday at 23,519.07 points, for a gain of 652.71 points or 2.85 percent on the week. The composite Tokyo Stock Price Index added 38.76 points to end the week at 1,833.60.

Daily turnover averaged 241.5 million shares, up from the previous week's 239.2 million. But the average daily value of stocks traded shrank from 298.5 billion yen to 269.5 billion.

Despite the scandals, Nomura Securities rose to 1,750 yen on Friday, from 1,670 a week earlier, while Nikko Securities moved from 903 yen to 910 yen.

Big steel issues also fared well, with Nippon Steel climbing from 409 yen to 422 yen.

Zurich

The Zurich stock exchange remained weak and good interim company results were not enough to lift the market out of its holiday doldrums.

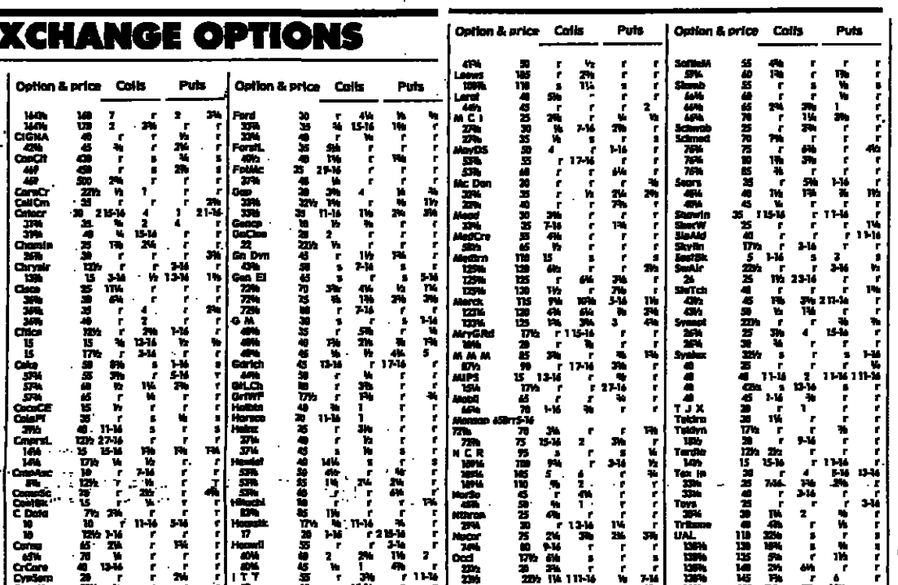
The Swiss Performance Index lost 10.30 points during the week to close Friday at 1,118.80 points.

Nestlé announced that first-half sales had risen by 2.2 percent and that a strong performance was expected for the rest of the year. The food group's bearer stock added 80 Swiss francs on the week, to close at 8,660 francs.

In chemicals, Ciba-Geigy lost 70 francs to 2,930 and Sandoz shed 70 francs to 2,450.

CHICAGO EXCHANGE OPTIONS

Figures as of close of trading Friday, July 26.



BRADY: *U.S. Treasury Secretary Voices Support for Hashimoto in Furor*

(Continued from page 1)

sonally close to Mr. Hashimoto, he said Mr. Hashimoto and the government of Prime Minister Toshiki Kaifu had been particularly helpful when the United States was seeking huge amounts of financial aid during the Gulf war.

"Mr. Hashimoto has been a pretty good partner of the United States, and we hope he'll be all right," Mr. Brady said.

The stock-market scandal has been particularly sensitive politically because it comes a few months before Mr. Kaifu's term as party president ends. Mr. Kaifu is expected to campaign to remain party president, and thus prime minister.

Until now, the complex details of the Japanese scandal have not excited much interest among Washington officials, who see it as a distant storm, Mr. Brady said. But, he said, the scandal holds economic implications for the United States.

"To the extent that Americans want to be fairly treated when they go to Japan, that's important to us," Mr. Brady said of Americans wanting to invest in the Japanese stock market. But, he added of the scandal: "To be honest with you, it has seemed too far away to do anything about."

By speaking out now, however, the Treasury secretary is indicating that because the domestic scandal appears to be weakening Mr. Kaifu's government, the affair has become a subject of international concern.

Mr. Brady spoke of his deep gratitude to the Japanese leadership. It was at American urging that Japan pledged a total of $13 billion in aid, loans and direct financing to support the United Nations efforts to force Iraq out of Kuwait. Because of constitutional restraints Japan was unable to send troops to the Gulf.

In the current scandal, Japan's largest securities houses have admitted to making improper payments of more than $1 billion to about 200 stock-market investors to cover losses in the collapse last year. The admissions have reinforced long-standing suspicions that individuals and foreigners in the huge Japanese stock market are discriminated against, while the country's more powerful corporations and individuals enjoy unfair advantages.

There is also growing speculation that some politicians may have benefited from these improper reimbursements of losses, which is why disclosure of the list of the recipients has become such a sensitive issue. But disclosure is regarded as the only way the ruling Liberal Democratic Party can erase the perception that it is protecting itself or powerful interests.

Britain Recovering, Lamont Says

Reuters

LONDON — Chancellor of the Exchequer Norman Lamont said Sunday that Britain's economy was recovering from recession as planned.

"I have said consistently that the recovery will be in the second half of the year," he told British Broadcasting Corp. radio. "What has happened since I delivered my budget has been wholly consistent with that view."

"We are not just going to attempt a quick political fix," said Mr. Lamont, forecasting inflation at 4 percent by the end of the year. Annual inflation to June was 5.8 percent.

Mr. Lamont has cut interest rates to 11 percent from the 15 percent level reached under government strategy to beat inflation.

UNION: *IG Metall Plans to Slow Down the Sell-Off in Eastern Germany*

(Continued from first finance page)

them that they won't be disbanded," he said.

The union also would like to have the holding company operate on the principle of codetermination, the system developed in postwar Western Germany where workers and management have nearly equal board representation.

Many Treuhandanstalt officials, along with the Bundesbank and private economists, are quick to say that the job of turning around the economy in Eastern Germany has not been made any easier by IG Metall.

The union was the major force in pushing through recent wage agreements that are geared to bringing wage levels up to those in Western Germany by early 1994 even though productivity is likely to lag far behind for some time.

The agreement has been called irresponsible by many officials with industrial responsibilities and in the Bundesbank, who see it frightening away investors.

The Bundesbank warned in its last monthly report that efforts to subsidize wages in Eastern Germany could backfire by slowing the area's turnaround. The OECD said last week that funds should not be squandered on companies whose sales cannot cover material, maintenance and most wage costs.

Franz Steinkühler, chairman of IG Metall, has argued in response that it would delude outside investors to give the impression that Eastern Germany can remain a low-wage area indefinitely.

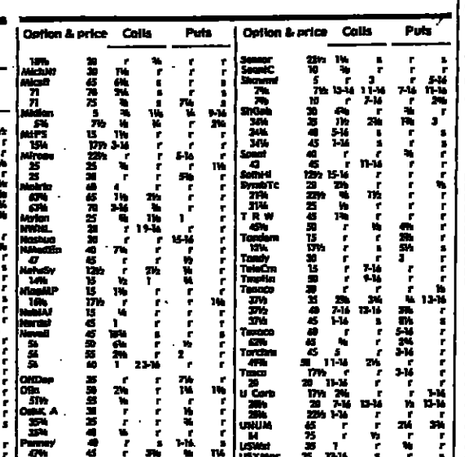
The union also claims that companies in Western Germany have rarely been so well capitalized and cannot claim a lack of resources for failure to invest in the East.

It calculates that companies must currently pay Eastern German workers only 47 percent of Western German wage costs. The Eastern workers actually get paid 55 percent to 63 percent of Western German wage levels at this point but the union claims the government is effectively paying the difference through a variety of incentives and tax breaks for investors.

Economists retort that this price is still high for Eastern Germany where worker productivity, saddled by a desolate infrastructure and a frequent need for retraining, is in many sectors still only roughly one-third of that in the West.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, July 26.
(Continued)



AMERICAN EXCHANGE OPTIONS

Figures as of close of trading Friday, July 26.

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(Continued From Back Page)

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MONDAY SPORTS

Fulfilling Vow, Indurain Makes 78th Tour His Own

By Samuel Abt
International Herald Tribune

PARIS — Early this month, Miguel Indurain made a proud boast to a mechanic with his Banesto bicycle team. "I'll win this Tour de France," Indurain said. "If I can't beat Greg LeMond this year, I'll quit racing forever."

On Sunday, the Spaniard fulfilled the vow, riding into Paris as the overwhelming winner of the 78th Tour de France.

Wearing the leader's yellow jersey, he took part in a final attack and then stayed clear of a crash in the sprint finish. The crash occurred seconds before the 158 remaining riders completed the three-week, 3,915-kilometer (2,445-mile) race.

Indurain recorded a total elapsed time of 101 hours one minute 20 seconds, or 3 minutes 36 seconds less than Gianni Bugno in second place and 5:56 less than Claudio Chiappuci, who was third while winning the polka dot jersey of the best climber. Both are Italians.

Charly Mottet, a Frenchman, was fourth and Luc Leblanc, another Frenchman, was fifth as the race reached its finale before hundreds of thousands of spectators in Paris on a splendid summer's day.

The last stage, 178 kilometers of rolling countryside and eight circuits of the Champs-Elysées, was won by Dmitri Konichev, a Soviet with the TVM team from the Netherlands.

Timed in 4 hours 43 minutes 36 seconds, he was closely followed by Olaf Ludwig, a German with Panasonic, and most of the field.

One rider who did not make it to the line was Djamolidine Abdoujaparov, the Uzbek who rides for Carrera and who had established himself as the fastest sprinter in this Tour while winning two stages and the green jersey of the points champion.

Bearing down at the front of the field sprint with perhaps 50 meters to go, Abdoujaparov hit a crowd barrier, crashed and somersaulted onto the road.

Tour doctors later reported that Abdoujaparov had fractured his left collarbone and that he would be kept in the Salpetrière Hospital for 48 hours because of possible skull injuries.

His many cuts and scrapes were not serious, the doctors added. The other riders who crashed were not hospitalized.

In the crash, which occurred to the right of the pack as Indurain rode on the left near the front, two other riders were upended by Abdoujaparov's fallen bicycle. They were Jan Shur, a German with Gatorade, and his teammate Stefano Zanatta, an Italian.

All three fallen riders were credited with finishing the stage in the same time as the winner since they had passed the flag marking the last kilometer.

For what is traditionally a ceremonial ride with many ritually unsuccessful attempts to break away on the Champs-Elysées, this was a thrilling one except for the crash.

LeMond started the action by bolting off alone in the suburbs after the start in Melun. His solo flight lasted until the third of the eight laps on the Champs-Elysées. Thereafter dozens of riders, in groups or alone, took their chances, fleeing like small boats from the tidal wave of the pack coursing behind them.

By the time the riders hung the final left at the Louvre and headed for the finish they were all together for the sprint, the crash, Konichev's second stage victory and Indurain's triumph.

The race started July 6 in Lyon and traveled counterclockwise around France, with a one-day incursion into Spain on July 18.

There and the next day in the French Pyrenees, Indurain's fans turned out in giant numbers to hail him. He responded on the mountain stage July 19 by taking the yellow jersey that he never yielded.

His joy for the rest of the race was evident even if he did not always articulate it.

"Sometimes I suffer for him," said the Banesto team's manager, Francis Lafargue. "He has very strong feelings to express but he holds them in."

A farm boy from just outside Pamplona, he is the pride of the Basques even if, 27 years ago, he missed by a few kilometers being born in one of their three provinces.

"To the Basques, he is one of ours even if he is not quite a Basque," explained a Spanish — and Basque — journalist.

"To the Spaniards," he added, "Indurain is a Basque."

Darkly handsome with an assertive nose, he stands 1.88 meters (6 foot 2) and weighs 80 kilograms (176 pounds) and has long ridden like a locomotive for the Banesto team, which is sponsored by a bank.

Before his just-completed seventh Tour de France, he had never finished higher than his 10th place last year. In all previous Tours he worked for the nominal team leader, Pedro Delgado, 31, who is also his friend and idol.

This Tour marked a passing of powers between the two as Delgado finished ninth while riding for Indurain, who took command with a victory in the first individual time trial on July 13.

It was his initial step toward fulfilling his pledge to beat LeMond. Whether Indurain really told his mechanic he was guaranteeing victory is irrelevant. In one of those "my father can beat your father" arguments, the mechanic told the story to a worker for LeMond's Z team, who told it to LeMond.

The American rider, who was then seeking his third successive victory in the Tour and his fourth overall, was not amused. Nobody will say any more about his reaction, and now it does not matter.

LeMond finished Sunday in seventh place. "It shows what a difficult event this is," he said, seeking, as always, to find something positive in adversity.

But, at a news conference Saturday after Indurain easily won the final time trial, LeMond made his disappointment clear. Referring to Bugno, Chiappucci and himself, the American admitted, "To me, anybody who's beyond first place has to be disappointed."

Indurain's domination was nearly total. He won both long individual time trials and finished consistently near the front in the mountains, including second places at Val Louron in the Pyrenees and Alpe d'Huez in the Alps.

"L'homme fort," the strongman, LeMond said at the news conference when Indrain sat down next to him. LeMond clapped the Spaniard, who does not understand French, on the shoulder and repeated the compliment in English, which Indurain does not understand either.

However, when LeMond pronounced him "the strongest man in the race," the beaming Indurain needed no translation.

This Tour was a triumph for the Italians, who have not had a countryman place first since Felice Gimondi in 1965. They had two men on the victory podium and riders on their teams won eight of the 22 stages.

Soviet riders were almost equally impressive, winning five stages, including the two by Abdoujaparov that figure in the Italian team standings.

The Spaniards waltzed off with the overall victory, their fourth in the history of the race and first since Delgado won in 1988. The other winners were Luis Ocana in 1973 and Federico Bahamontes, the Eagle of Toledo, in 1959.

Even the French had a good Tour after their debacle last year, when the highest-ranking Frenchman was 15th. This time, the RMO team won four stages and four Frenchmen finished in the top 10.

The big losers were the Belgians, who have won the Tour 18 times, second only to France's 36 victories. The four Belgian teams combined for one stage victory and no rider higher than 32d; he was a German, Uwe Ampler, who rides for Histor.

Another big loser was the Postobon team from Colombia, whose strong climbers seemed to have been burned out by the fast first 10 days on the flat. They also were debited with the first positive drug finding in the Tour since 1988 when officials announced late Saturday night that Reynel Montoya, a Colombian, had failed a urinanalysis at Morzine.

Of the 9 million French francs (*about $1.5 million*) in total prizes, Indurain picked up 2 million francs for his victory. The nine-man Colombian team, in contrast, won a total of about 60,000 francs.

As LeMond put it at his news conference, "I've learned that when you push yourself and win, it's much easier than when you push yourself and lose."

Charles Platiau/Reuters
Miguel Indurain with his trophy on the victory podium on Sunday.

Top Finishers, Final Standings

Top Finishers in Sunday's final stage, a 178-kilometer (110.6-mile) race from Melun to Paris: 1. Dimitry Konyshev, USSR, 4hr 43min 36sec; 2. Olaf Ludwig, Germany, same time; 3. Laurent Jalabert, France; 4. Hendrik Redant, Belgium; 5. Phil Anderson, Australia; 6. Rudy Verdonck, Belgium; 7. Etienne de Wilde, Belgium; 8. Eric Vanderaerden, Belgium; 9. Thierry Marie, France; 10. Philippe Casado, France; all same time.

Top finisher in Saturday's 36.5-mile individual time trial from Lugny to Macon with rider, country, team and leader's time: 1. Miguel Indurain, Spain, Banesto, 1 hour, 11 minutes, 445 seconds; 2. Gianni Bugno, Italy, Chateau d'Ax, 27 seconds behind; 3. Greg LeMond, U.S., 42 behind; 4. Claudi Chiappucci, Italy, Carrera, 1:08; 5. Vyacheslav Ekimov, Soviet Union, Panasonic, 1:49; 6. Jean-Francois Bernard, France, Banesto, 2:14; 7. Melchor Mauri, Spain, NCE, 2:14; 8. Vladimir Poulnikov, Soviet Union, Carrera, 2:27; 9. Dima Zhdanov, Soviet Union, Panasonic, 2:48; 10. Charly Mottet, France, RMO, 2:48.

Final overall standings: 1. Miguel Indurain, Spain, 101hr 01min 20sec; 2. Gianni Bugno, Italy, 2:36; 3. Claudio Chiappucci, Italy, 5:56; 4. Charly Mottet, France, 7:27; 5. Luc Leblanc, France, 10:10; 6. Laurent Fignon, France, 11:27; 7. Greg LeMond, U.S., 13:13; 8. Andrew Hampsten, U.S., 13:40; 9. Pedro Delgado, Spain, 20:10; 10. Gerard Rue, France, 20:13.

SCOREBOARD

BASEBALL

Major League Standings

(Through Saturday's Games)

AMERICAN LEAGUE

East Division	W	L	Pct.	GB
Toronto	57	41	.582	—
Detroit	50	46	.521	6
New York	46	47	.495	8½
Boston	46	50	.479	10
Milwaukee	41	56	.423	15½
Baltimore	39	57	.406	17
Cleveland	33	62	.347	22½
West Division				
Minnesota	58	40	.592	—
Chicago	53	43	.552	4
Oakland	53	45	.541	5
Texas	50	43	.538	5½
Seattle	51	47	.520	7
California	49	47	.510	8
Kansas City	47	49	.490	10

NATIONAL LEAGUE

East Division	W	L	Pct.	GB
Pittsburgh	60	34	.638	—
New York	54	42	.563	7
St. Louis	52	44	.542	9
Chicago	47	50	.485	14½
Montreal	42	55	.433	19½
Philadelphia	40	57	.412	21½
West Division				
Los Angeles	56	40	.583	—
Atlanta	49	45	.521	6
Cincinnati	47	48	.495	8½
San Diego	47	51	.480	10
San Francisco	45	51	.469	11
Houston	37	59	.385	19

Friday's Line Scores

AMERICAN LEAGUE

Seattle 024 000 010—7 13 3
Cleveland 102 010 000—4 7 1
DeLucia, Swift (6), Schooler (9) and Cochrane; Boucher, Shaw (3), Orosco (8), Hillegas (9) and Skinner. W—DeLucia, 9-6. L—Boucher, 1-7. Sv—Schooler (1). HR—Seattle, Powell (2).

Milwaukee 000 003 000—3 5 1
Minnesota 011 000 13x—6 10 1
Basla, Holmes (7), Henry (8) and Surhoff; Tapani, Aquilera (9) and Harper. W—Tapani, 7-7. L—Holmes, 1-2. Sv—Aquilera (26). HR—Minnesota, Davis (22).

California 002 020 010—3 10 0
New York 000 000 100—1 7 1
Langston, Harvey (9) and Parrish; Sanderson, Guetterman (8), Habyan (9) and Geren. W—Langston, 14-4. L—Sanderson, 10-6. Sv—Harvey (24). HRs—California, Joyner (12), New York, Meulens (5).

Kansas City 110 200 000 00—5 10 2
Toronto 410 000 000 01—6 13 0
(11 innings)
Boddicker, Magnante (7), S. Davis (8), Gordon (10) and Spehr; Key, MacDonald (7), Ward (9) and Borders. Myers (8). W—Ward, 3-3. L—Gordon, 5-9. HR—Kansas City, Howard (1).

Oakland 201 040 202—12 14 2
Baltimore 012 000 000— 9 8 1
Stewart, Honeycutt (7), Nelson (7), Klink (8), Chitren (9) and Steinbach; Robinson, Johnson (5), Williamson (8), Olsen (9) and Melvin. W—Klink, 7-2. L—Williamson, 3-4. Sv—Chitren (4). HRs—Oakland, Riles (4), Canseco (26), Baines (13). Baltimore, Evans (4).

Detroit 000 100 001 1—3 9 1
Texas 000 010 010 0—2 14 3
Terrell, Gleaton (7), Kiely (8), Gibson (8), Henneman (9) and Tettleton; Brown, Je. Russell (9), Rogers (10), Gossage (10) and Rodriguez. W—Henneman, 9-2. L—Je. Russell, 3-3. HR—Detroit, Fryman (12).

NATIONAL LEAGUE

Atlanta 130 000 002—6 9 0
Chicago 000 000 002—2 5 1
Avery, Berensuer (9) and Olson; Castilla, Scanlan (7), Pavlas (9) and Wilkins. W—Avery, 11-5. L—Castilla, 3-1. HRs—Atlanta, Hunter (6), Chicago, Dawson (16).

Cincinnati 000 010 000—1 6 1
St. Louis 220 100 00x—5 10 0
Hammond, Armstrong (3), Minutelli (5), Layana (8) and Reed; Tewksbury and Pagnozzi. W—Tewksbury, 7-6. L—Hammond, 7-7. HR—Cincinnati, Sabo (16).

Pittsburgh 022 010 002—5 11 0
Houston 001 000 000—1 5 1
Walk, Heaton (2), Kipper (6), Landrum (8) and LaVallere; Kile, Henry (4), Capel (6), Clancy (9) and Biggio. W—Heaton, 2-1. L—Kile, 3-6. HRs—Pittsburgh, J.Bell (10), Bonilla (13).

Montreal 000 000 000 0—0 2 0
Los Angeles 000 000 000 1—1 3 0
(10 innings)
Gardner, Fossens (10) and Reyes; Hershiser, Gross (7), Howell (10) and Sciascia. W—Howell, 4-2. L—Gardner, 5-7.

New York 010 010 000—2 5 0
San Diego 002 002 30x—7 13 1
Fernandez, Innis (7) and Cerone; Hurst, Lefferts (9) and Santiago. W—Hurst, 12-5. L—Fernandez, 0-1. HR—San Diego, Jackson (10).

Philadelphia 100 100 000—2 4 0
San Francisco 201 000 00x—3 12 0
Mulholland, Boever (7) and Daulton, Lake (7); Downs, Hickerson (6), Oliveros (6), Brantley (7), Righetti (9) and Manwaring. W—Downs, 6-4. L—Mulholland, 9-10. Sv—Righetti (14). HRs—Philadelphia, Kruk (13), San Francisco, Thompson (13).

Saturday's Line Scores

AMERICAN LEAGUE

Seattle 000 001 000—1 6 0
Cleveland 001 130 10x—6 13 1
Holman, Swan (5), Jackson (8) and Bradley; Nagy and Skinner. W—Nagy, 6-10. L—Holman, 9-10. HR—Cleveland, Ca.Martinez (2).

Kansas City 000 110 000 3—5 8 1
Toronto 001 001 000 0—2 10 1
(10 innings)
Appier, Magnante (6), Gordon (8), Montgomery (10) and Mayne; Ju.Guzman, Timlin (8), Acker (10) and Myers, Borders (9). W—Gordon, 6-9. L—Timlin, 9-6. Sv—Montgomery (19).

California 200 002 060—10 12 1
New York 120 120 004—12 15 1
Fetters, Bannister (5), J. D. Robinson (5), Bailes (6), Beasley (7), Eichhorn (8) and Tingley, Parrish (8); Cadaret, Hotyan (6), Leary (8), Howe (8), Farr (8) and Nokes. W—Cadaret, 3-4. L—Fetters, 0-1. Sv—Farr (16). HRs—California, Rose (1). New York, Nokes 2 (17), P. Kelly (3).

Chicago 400 007 207 000 02—18 14 3
Boston 122 030 000 000 00— 8 10 1
(14 innings)
Hibbard, Poll (5), M. Perez (7), Thigpen (14) and Merullo. Karkovice (12); Clemens, Fossas (7), Gray (7), Reardon (8), Lamp (10), Klecker (14) and Pena. W—M. Perez, 6-4. L—Klecker, 2-2. Sv—Thigpen (21). HRs—Chicago, Ventura 2 (13), Thomas (17). Boston, J. Clark (14), Burks (12), Pena (5).

Chicago 001 022 200—7 13 1
Boston 100 030 110—6 12 4
Garcia, Radinsky (7), Thigpen (8) and Fisk, Karkovice (8); Gardiner, Fossas (6), Irvine (7) and Marzano. W—Garcia, 2-3. L—Gardiner, 3-5. Sv—Thigpen (22). HRs—Boston, Reed (2), Greenwell (7).

Oakland 430 000 200—9 13 0
Baltimore 001 000 000—1 2 1
Slusarski and Steinbach; Ballard, Frohwirth (1), Kilgus (7) and Hoiles. W—Slusarski, 3-4. L—Ballard, 6-11.

Milwaukee 010 100 020—4 11 1
Minnesota 200 200 003—7 11 1
Wegman and Dempsey; Neagle, Abbott (4), Guthrie (8), Willis (8) and Harper. W—Willis, 5-2. L—Wegman, 6-5. HRs—Milwaukee, Sveum (4), Maldonado (3). Minnesota, Gladden (5).

Detroit 021 110 000—5 11 0
Texas 013 200 20x—6 9 0
Leiter, Kiely (4), Cerutti (4), Meacham (5), Gibson (7) and Allanson; Barfield, Alexander (4), Rosenthal (5), Rogers (7) and Rodriguez. W—Alexander, 5-1. L—Kiely, 0-1. Sv—Rogers (2). HRs—Detroit, Tettleton 2 (20), Phillips (9). Texas, Palmeiro (15), Palmer (4).

NATIONAL LEAGUE

Atlanta 000 320 000—5 10 0
Chicago 302 200 00x—7 6 1
Smoltz, Petry (4), Freeman (7) and Olson; Lancaster, McElroy (7) and Wilkins. W—Lancaster, 7-4. L—Smoltz, 5-12. Sv—McElroy (2). HRs—Atlanta, Pendleton (12), Gant (20). Chicago, Sandberg 2 (16).

Philadelphia 000 000 000—0 3 2
San Francisco 010 200 00x—3 6 0
Cox, McDowell (5), Mi. Williams (8) and Daulton; McClellan, Oliveros (8), Risbetti (9) and Decker. W—McClellan, 1-0. L—Cox, 3-4. Sv—Risbetti (15). HRs—San Francisco, Mo. Williams (18), R. Thompson (14).

Cincinnati 201 522 100—13 20 1
St. Louis 010 000 000— 1 9 2
Gross and Reed; Olivares, Fraser (4), Acosta (5), Carpenter (5), McClure (8) and Pagnozzi, Gedman (7). W—Gross, 4-1. L—Olivares, 3-3.

Pittsburgh 101 422 000—11 16 0
Houston 000 001 022— 5 10 0
Tomlin, Patterson (8), Belinda (9) and LaValliere, Prince (7); Jones, Corsi (4), Henry (7), Clancy (9) and Biasio, Servais (7). W—Tomlin, 6-3. L—Jones, 6-7. HRs—Pittsburgh, Bell 2 (12).

Montreal 000 000 000—0 5 0
Los Angeles 002 101 30x—7 14 0
Hanev, Rojas (5), Schmidt (7), Jones (8) and Reyes; Ojeda and Carter. W—Ojeda, 8-8. L—Haney, 1-4. HRs—Los Angeles, Strawberry (12), Daniels (11).

New York 001 110 001—4 8 1
San Diego 000 000 000—0 4 1
Gooden, Franco (9) and O'Brien; Peterson, Costello (6), Rodriguez (9) and Santiago. W—Gooden, 11-6. L—Peterson, 3-3. HR—New York, Templeton (3).

Japanese Baseball

CENTRAL LEAGUE

	W	L	T	Pct.	GB
Chunichi	45	29	1	.608	—
Yakult	46	33	1	.582	1½
Hiroshima	39	30	1	.565	3½
Yomiuri	44	40	0	.524	6
Taiyo	33	46	1	.418	14½
Hanshin	23	52	0	.307	22½

Saturday's Results
Yakult 9, Yomiuri 8
Hiroshima 5, Chunichi 2, 10 innings

Sunday's Results
Yakult 4, Yomiuri 3
Hanshin 2, Taiyo 1

PACIFIC LEAGUE

	W	L	T	Pct.	GB
Kintetsu	49	28	1	.636	—
Seibu	47	31	2	.603	2½
Nippon Ham	40	39	1	.506	10
Daiei	36	38	0	.486	11½
Orix	35	44	2	.443	15
Lotte	25	52	0	.325	24

No games scheduled on Saturday

Sunday's Results
Kintetsu 6, Lotte 4
Seibu 11, Daiei 8
Orix 3, Nippon Ham 1

SOCCER

FRENCH FIRST DIVISION
Saturday's Results

Monaco 4, Nancy 1
Nimes 2, Toulouse 2
Caen 1, St Etienne 0
Toulon 0, Lens 1
Metz 3, Sochaux 1
Paris St Germain 1, Auxerre 1
Lille 0, Le Havre 0
Lyon 1, Marseille 1

Friday's Results
Rennes 0, Nantes 1
Cannes 2, Montpellier 0
Standings: Monaco, Metz 2; Auxerre, Marseille, Le Havre, Caen, Nantes, St Etienne, Cannes 1; Nimes, Toulouse, Paris St Germain 0; Lens, Nancy 1; Lyon, Lille, Sochaux, Rennes, Toulon, Montpellier 0.

AUSTRIAN FIRST DIVISION
Vorwaerts Steyr 6, Kremser SK 1
Sturm Graz 6, Rapid Vienna 1
Austria Vienna 3, Austria Salzburg 2
DSV Alpine 1, FC Stahl Linz 1
Vienna 0, Admira Wacker Wien 0
VSE St Polten 2, FK Tyrol 1

SWISS QUALIFYING
Saturday's Results

Young Boys 6, FC Zurich 2
Sion 6, Aarau 1
Lausanne 2, Neuchatel Xamax 1
Grasshopper 5, St Gallen 0
Lucerne 1, Servette 0
Wettingen 3, Lugano 0
Standings: Lausanne 2; Aarau, Wettingen, Sion, FC Zurich, Servette, Grasshopper, Lucerne, Lugano 1; Neuchatel, Young Boys, St Gallen 0.

FOOTBALL

Canadian League

Eastern Division	W	L	T	PF	PA	Pts
Toronto	3	0	0	106	52	6
Winnipeg	1	2	0	62	65	2
Hamilton	0	3	0	43	116	0
Ottawa	0	3	0	79	103	0
Western Division						
Calgary	3	0	0	129	90	6
Brit Colmb	2	1	0	97	98	4
Edmonton	2	1	0	110	90	4
Saskatchwn	1	2	0	105	98	2

Friday's Game
Saskatchewan 52, Hamilton 16

TENNIS

CANADIAN OPEN
In Montreal
DAVIS CUP
Abidjan on Saturday and Sunday
Ivory Coast 4, Egypt 1
Santiago on Saturday
(Best-of-Five)
Chile 2, Venezuela 1

CRICKET

FOURTH TEST
England vs. West Indies, Third Day
Saturday and Sunday in Edgbaston, England
Second Innings: England 156-8; West Indies 157-3. West Indies wins Test and Leads 2-1 in the five-match series.

FOUR-DAY INTERNATIONAL
Pakistan vs. Sri Lanka
Sunday in Colombo
Second Innings: Pakistan 208-11 (declared); Sri Lanka 23-8. (Play halted due to bad light.)

AUTO RACING

German Grand Prix

Top-ten finishers of Sunday's 45-lap, 306.090-kilometer race: 1. Nigel Mansell, Britain, Williams winning time of one hour, 19 minutes and 29.661 seconds (average speed 231.028 kph); 2. Riccardo Patrese, Italy, Williams 13.779 seconds behind; 3. Jean Alesi, France, Ferrari 17.618; 4. Gerhard Berger, Austria, McLaren 32.651; 5. Andrea de Cesaris, Italy, Jordan 1:17.537; 6. Bertrand Gachot, France, Jordan 1:40.685; 7. Ayrton Senna, Brazil, McLaren one lap behind; 8. Roberto Moreno, Brazil, Benetton one lap; 9. Thierry Boutsen, Belgium, Ligier one lap; 10. Emanuele Pirro, Italy, Dallara one lap.

Drivers' standings: Ayrton Senna, Brazil, 51pts, Nigel Mansell, Great Britain, 43, Riccardo Patrese Italy, 28, Alain Prost, France, 21, Gerhard Berger, Austria, 19, Nelson Piquet, Brazil, 18, Jean Alesi, France, 12, Stefano Modena, Italy, 9, Andrea de Cesaris, Italy, 9, Roberto Rene 5.

FEDERATION CUP
In Nolthenham
Semifinals
United States 3, Czechoslovakia 0
Jennifer Capriati, U.S., def. Radka Zrubakova, Czechoslovakia, 6-3, 6-1; Mary Joe Fernandez, U.S., def. Jana Novotna, Czechoslovakia, 6-4, 0-6, 9-7; Zina Garrison, U.S., and Gigi Fernandez, U.S., def. Eva Sviglerova and Regina Rajchrtova, Czechoslovakia, 6-2, 6-3.
Spain 3, Germany 0
Conchita Martinez, Spain, def. Barbara Rittner, Germany, 6-4, 6-1; Arantxa Sanchez Vicario, Spain, def. Anke Huber, Germany, 6-1, 2-6, 6-2; Martinez and Sanchez Vicario def. Rittner and Huber, 6-1, 6-1.
Final
Spain 2, United States 1
Arantxa Sanchez Vicario, Spain, def. Mary Joe Fernandez, U.S., 6-3, 6-4; Jennifer Capriati, U.S., def. Conchita Martinez, Spain, 4-6, 7-6, 6-1. Martinez and Sanchez Vicario, Spain, def. Gigi Fernandez and Zina Garrison, U.S., 6-3 1-6 7-6.

WESTCHESTER LADIES CUP
In Purchase, N.Y.
Quarterfinals
Isabelle Demongeot, France, def. Carrie Cunningham (6), Livonia, Mich., 7-6 (7-4), 6-3.
Semifinals
Isabelle Demongeot, France, def. Laura Gildemeister (1), Peru, 6-1, 6-1; Lori McNeil (2), Houston, def. Ros Fairbank-Nideffer (5), San Diego, 5-7, 6-2, 6-1.

DUTCH OPEN
In Hilversum
Quarterfinals
Karel Novacek (2), Czechoslovakia, def. Franco Davin, Argentina, 7-6 (7-3), 2-6, 6-2; Magnus Gustafsson (4), Sweden, def. Marc Rossel, Switzerland, 6-7 (3-7), 6-2, 6-4.
Semifinals
Magnus Gustafsson (4), Sweden, def. Karel Novacek (2), Czechoslovakia, 7-6 (7-3), 6-3; Jordi Arrese, Spain, def. Mark Koevermans, Netherlands, 6-3, 3-6, 6-4.
Final
Magnus Gustafsson, Sweden, def. Jordi Arrese, Spain, 6-7, 7-6 (7-2), 2-6, 6-1, 6-0.

DAVIS CUP
Abidjan on Saturday and Sunday
Ivory Coast 4, Egypt 1
Santiago on Saturday
(Best-of-Five)
Chile 2, Venezuela 1

TRANSACTIONS

BASEBALL
American League
BALTIMORE—Activated Dave Johnson, pitcher, from 15-day disabled list. Optioned Shane Turner, infielder, to Rochester, International League.

CALIFORNIA—Signed Mike Marshall, first baseman, assigned Marshall to Edmonton, Pacific Coast League.
CLEVELAND—Traded Brook Jacoby, infielder, to Oakland for Lee Tinsley, outfielder, and Apolinar Garcia, pitcher, and assigned them to Canton-Akron, Eastern League. Recalled Luis Lopez, infielder, from Colorado Springs, PCL.
OAKLAND—Designated Vance Law, third baseman, for assignment. Recalled Joe Slusarski, pitcher, from Tacoma, PCL.
MINNESOTA—Bought the contract of Denny Neagle, pitcher, from Portland, PCL. Sent Jarvis Brown, outfielder, to Portland.

National League
ATLANTA—Recalled Jeff Parrett, pitcher, from Richmond, IL. Optioned Mike Bell, infielder, to Richmond.
HOUSTON—Called up Andujar Cedeno, infielder, Jose Tolentin, first baseman, and Dean Wilkins, pitcher, from Tucson, PCL. Optioned Eric Anthony, outfielder, and Eric Yelding, infielder, to Tucson. Released Ken Oberkfell, infielder.
PITTSBURGH—Placed Bob Walk, pitcher, on 15-day disabled list. Sent Jeff Banister, catcher, to Buffalo, American Association. Called up Carlos Garcia, infielder, and Tom Prince, catcher, from Buffalo. Carl Belger, president, resigned.
SAN DIEGO—Bought contract of Craig Shipley, shortstop, from Las Vegas, PCL. Designated Brian Dorsett, catcher, for re-assignment.

FOOTBALL
National Football League
CHICAGO—Signed Keith Van Horne, tackle, and Brad Muster, running back, to two-year contracts.
CLEVELAND—Signed Randy Klark, linebacker.
INDIANAPOLIS—Waived Terence Barber, wide receiver.
LOS ANGELES RAIDERS—Signed Bob Golic, defensive lineman.
CINCINNATI—Signed Chris Smith, tight end, to three-year contract.
GREEN BAY—Signed James Campen, center, and Ron Pitts, defensive back, to two-year contracts.
HOUSTON—Signed Glenn Montgomery, defensive lineman. Waived Eric Brown, wide receiver.
INDIANAPOLIS—Agreed to terms with Jessie Hester, wide receiver, on two-year contract.
LOS ANGELES RAMS—Agreed to terms with Gerald Perry, defensive end. Waived Sean Mulhearn, linebacker, and Brandy Wells, defensive back.
PHOENIX—Agreed to terms with Freddie Joe Nunn, linebacker, and Aeneas Williams, cornerback.

DENNIS THE MENACE

"HE'S ALWAYS EARLY. WHEN HE GROWS UP, HE'LL NEVER BE A PLUMBER."

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

LEREB
RODOP
EETELY
DOXUTE

WHEN HE SAID "I DO," HIS FUTURE FATHER-IN-LAW SAID THIS.

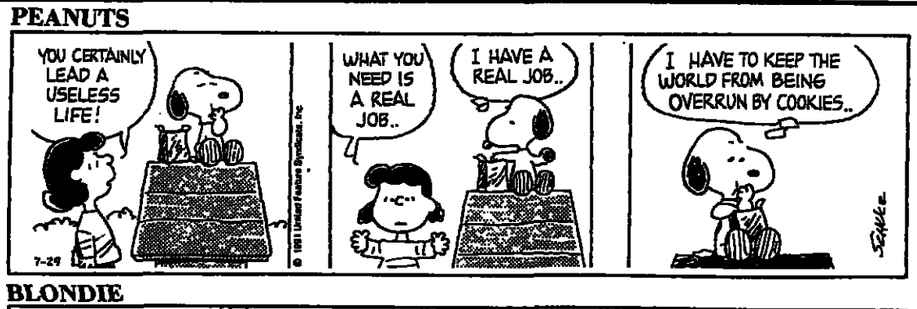
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: ___ ' ___ (Answers tomorrow)

Saturday's Jumbles: SMACK EXCEL VANISH QUAVER
Answer: Why his brain is always fresh— HE NEVER USES IT

For investment information
read THE MONEY REPORT
every Saturday in the IHT

PEANUTS



BLONDIE

BEETLE BAILEY

DOONESBURY

ANDY CAPP

WIZARD of ID

REX MORGAN

GARFIELD

MONDAY SPORTS

In London, Bills Hold Off Eagles With Pass, 17-13

The Associated Press

WEMBLEY, England — Third-string quarterback Gale Gilbert threw a 15-yard touchdown pass to Al Edwards for the winning points as the Buffalo Bills defeated the Philadelphia Eagles, 17-13, Sunday in the National Football League's American Bowl at Wembley Stadium.

Gilbert, a fourth-year player out of California-Berkley, played the entire second half for the American Football Conference champions and completed 12 of 20 passes for 117 yards.

Gilbert was given considerable playing time because the Bills' All-Pro quarterback, Jim Kelly, sat out the game with a pulled hamstring. Backup Frank Reich played the first half, which ended in a 10-10 tie.

After Roger Ruzek had put the Eagles ahead, 13-10, with a 37-yard field goal with 9:05 left in the third period, Gilbert led the Bills 78 yards in 10 plays for the only touchdown of the second half.

Carwell Gardner ran the ball three times and caught one pass for a total of 41 yards to take the ball to the Eagles 36. Gilbert then hit Don Beebe over the middle for a 20-yard gain to the 16.

Two players later, on third and 10, Gilbert found Edwards open in the left corner of the end zone.

On the Bills' next possession, Gilbert completed three passes to drive the team to the Eagles' one-yard line. But Buffalo failed to take it over on four straight running plays.

The Eagles mounted a desperate drive in the final two minutes of the game as rookie quarterback Brad Goebel completed six passes and brought Philadelphia to the Bills' 13-yard line.

But on fourth down with 1:07 to play, Buffalo cornerback Brian Taylor blitzed and batted down Goebel's pass.

The Eagles, playing their first game under new head coach Rich Kotite, opened the scoring on a 3-yard touchdown pass from Randall Cunningham to Keith Byars on the opening series. Third-year running back Robert Drummond picked up 44 yards on five carries in the 11-play, 74-yard drive.

After a 28-yard punt by Philadelphia's Jeff Feagles gave Buffalo the ball at the Eagles' 46 yard line, the Bills evened the score at 7-7 on a three-yard run by Kenneth Davis.

Buffalo's Vernon Turner returned another short Feagles punt 27 yards to set up a 30-yard field goal by Scott Norwood for a 10-7 lead early in the second quarter.

Ruzek kicked a 37-yard field goal with 10:02 left in the half, capping a 61-yard drive engineered by quarterback Don McPherson. The key play was a 37-yard completion to wide receiver Rod Harris.

Cunningham played only two series, completing two of four passes for nine yards. McPherson, who played the second quarter, was three-for-eight for 72 yards.

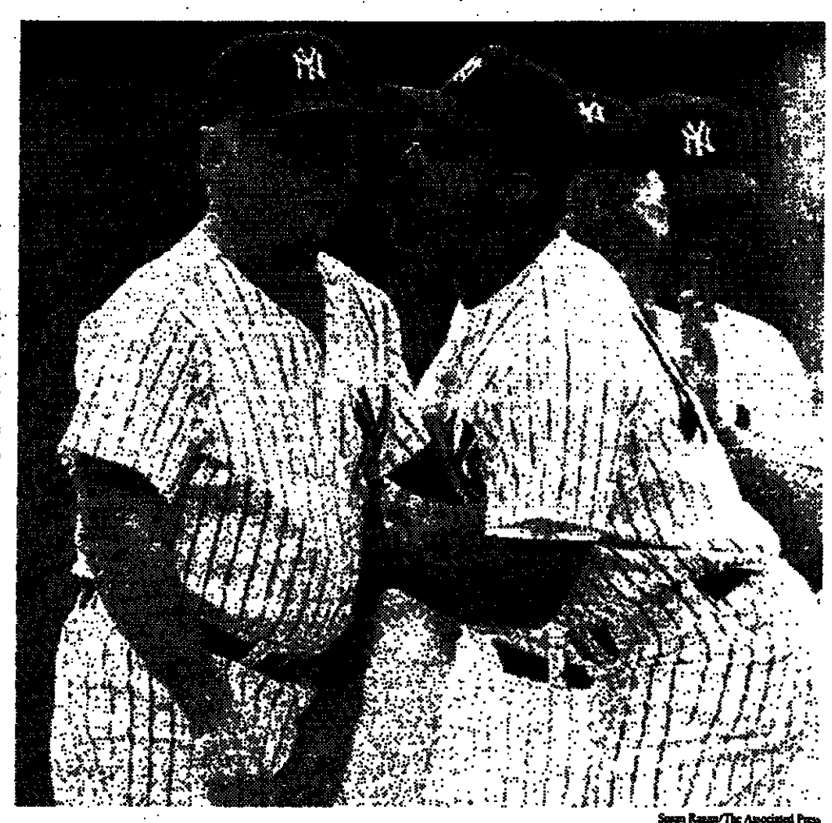
Reich, who played the entire first half for the Bills, completed just four of 11 attempts for 63 yards.

The game was played before a crowd of 50,474.

■ 5 Enter NFL Hall of Fame

Stan Jones and John Hannah, two of the toughest and most respected offensive guards in NFL history, were among five inductees into the Pro Football Hall of Fame on Sunday, The Associated Press reported from Canton, Ohio.

Joining the linemen were running back Earl Campbell, placekicker Jan Stenerud and Tex Schramm, who built the Dallas Cowboys.



Susan Ragan/The Associated Press

Mickey Mantle got a kiss from Reggie Jackson during the annual Old-Timers' Day ceremony at Yankee Stadium, Ron Guidry, right, and Whitey Ford provided some cheerful encouragement.

Angels Outpace Yankees

Home Team Gets Pounded With 12 California Hits

Luis Sojo drove in three runs and Max Venable homered as the California Angels beat the New York Yankees, 8-4, on Sunday in New York.

Sojo doubled home two runs to put the Angels ahead, 3-2, in the second and capped a three-run seventh with an RBI single as California pounded three Yankee pitchers for 12 hits, including four doubles.

Jim Abbott gave up eight hits, struck out six and walked one in eight-plus innings before being relieved by Bryan Harvey after the Yankees scored twice in the ninth.

Venable's second homer of the season put the Angels ahead 1-0 in the first inning. Bernie Williams led off the bottom of the first with a walk, stole second and scored on Don Mattingly's single. Mel Hall put the Yankees ahead with a double.

California scored three runs in the second off rookie Scott Kamieniecki on Sojo's two-run double and Dick Schofield's RBI single.

Dave Parker's RBI double in the fifth gave the Angels a 5-2 lead, and California added three in the seventh on RBI singles by Gary Gaetti, Lance Parrish and Sojo off reliever Eric Plunk.

Athletics 4, Orioles 3: In Baltimore, Rickey Henderson hit the tie-breaking homer in the eighth inning, capping an Oakland comeback that enabled the rampaging Athletics to sweep Baltimore.

Brewers 11, Twins 2: In Minneapolis, Paul Molitor and Darryl Hamilton each had five hits as Milwaukee tied a club record with 22 hits, pounding Jack Morris and Minnesota. Candy Maldonado and Franklin Stubbs each homered as the Brewers matched the mark last set April 18, 1983, in Boston.

Mariners 6, Indians 5: In Cleveland, pinch-hitter Alonzo Powell drove in the go-ahead run with an infield single in the seventh and Pete O'Brien had three RBIs to power Seattle.

In Saturday's games, wire agencies reported:

Yankees 12, Angels 10: With dozens of former stars assembled at Yankee Stadium for Old-Timers' Day, Matt Nokes took center stage as the star of the present when he smacked a pair of two-run home runs to power New York. Nokes had home runs in consecutive times at bat in the fifth and sixth innings, when the Yankees erupted for eight runs.

Manager Stump Merrill almost helped turn the joyous day into what would have been a deeply demoralizing setback when he brought Tim Leary into the game in the eighth to protect an eight-run lead. The Angels exploded for six runs as Leary gave up four straight hits before Merrill replaced him with Steve Howe.

But Howe was also ineffective and allowed a three-run homer to Bobby Rose that cut the score to 12-10. Steve Farr recorded the last five outs to rescue New York.

Royals 5, Blue Jays 2: In Toronto, Danny Tartabull's run-scoring double gave Kansas City the lead in the 10th and opened the way for its seventh victory in eight games.

Indians 6, Mariners 1: Carlos Martinez had a home run and three singles, extending his hitting streak to 11 games, to power Cleveland to victory at home.

Athletics 9, Orioles 1: Joe Slusarski threw a two-hitter in Baltimore in his first complete game in the majors as Oakland's lineup continued its powerful hitting.

Mark McGwire, who entered the game in a 4-for-40 slump, went 3-for-4 with three runs batted in for the A's. Harold Baines and Brook Jacoby also had three hits for Oakland, which has scored 46 runs in its last 45 innings.

White Sox 10, Red Sox 8; White Sox, 7, Red Sox 4: In Boston, Dan Pasqua's two-run single with the bases loaded in the 14th gave Chicago the victory in the first game.

Jeff Reardon was one out away from preserving Roger Clemens's 12th victory when Robin Ventura hit his second homer of the game and 13th of the season.

In the night game, Thomas drove in three runs with a double and a pair of singles and Bobby Thigpen got his second save of the day and 22d of the season.

Twins 7, Brewers 4: In Minneapolis, Dan Gladden's three-run, ninth-inning homer followed two infield hits and lifted Minnesota over slumping Milwaukee. Gladden has driven in the winning run in three straight games.

(NYT, AP)

AMERICAN LEAGUE

NATIONAL LEAGUE

Gardner Hurls The No-Hitter That Wasn't

The Associated Press

LOS ANGELES — Mark Gardner pitched a no-hitter that wasn't.

Gardner did not surrender a hit in nine innings against the Dodgers in Los Angeles on Friday night. But his Montreal teammates failed to score a run, and in the bottom of the 10th, Gardner gave up two hits and wound up a 1-0 loser.

"I had a great game, but I don't feel good about it," Gardner said. "It's still a loss."

Since he allowed hits in extra innings, Elias Sports Bureau, the league's official statistician, said Gardner would not get credit for a no-hitter, but would be listed with 11 other pitchers in this century who lost no-hitters in extra innings.

Lenny Harris got the Dodgers' first hit in the 10th on a bouncer that went over the mound. Eddie Murray followed with a single to send Harris to third. Jeff Fassero relieved and Darryl Strawberry hit a game-ending single.

Mansell Rules German Grand Prix

The Associated Press

HOCKENHEIM, Germany — Nigel Mansell of Britain dominated the German Grand Prix on Sunday to win his third Formula One race in a row and further close in on the world standings leader, Ayrton Senna.

Senna, a Brazilian with McLaren-Honda, ran out of fuel in the last lap for the second straight Grand Prix race. He was poised to take fourth place.

Riccardo Patrese of Italy made it a one-two finish for the Williams-Renault team, taking the checkered flag 13.779 seconds behind Mansell. Ferrari driver Jean Alesi finished third.

Senna is still leading the world championships with 51 points, ahead of Mansell, who has 43. Patrese trails by another 15 points.

Mansell finished the 45 laps in 1 hour, 19 minutes, 29.661 seconds for an average speed of about 231 kilometers per hour (143 mph).

Mansell, who won the last two Grand Prix races, in France and Britain, led most of the way. He had a furious start to speed away from the pack, while Senna missed his and was pushed into third place by Berger. Mansell increased his lead to almost 10 seconds over Berger after 12 laps. Senna was involved in a battle with Alain Prost of France to hang on to third place.

But the Williams-Renault and McLaren-Honda drivers came in for new tires shortly before the race was half over, allowing Alesi briefly into the lead.

During the last half, Alesi held second place, while Patrese moved past Prost and Senna to take third. But Alesi's first set of tires showed wear, allowing Patrese into second 10 laps from the finish.

SIDELINES

Wallabies Shut Down England, 40-15

SYDNEY (Combined Dispatches) — Australia defeated England, 40-15, Saturday for a second record-breaking rugby union test victory in a week. The Wallabies' score was their best ever against England, exceeding the 28 points they scored in a 28-8 victory in 1988.

Michael Lynagh swept past the 600-point barrier to boost his international world record tally to 607 after scoring 20 points with four penalty goals and four conversions. Adding to England's woes were two tries from Willie Ofahengaue, with fullback Marty Roebuck scoring the opening try in the 12th minute. Australia led 16-9 at halftime, but had the international wrapped up by the hour, with a 31-12 advantage.

England's lone try came from center Jeremy Guscott, while fullback Jonathan Webb kicked a conversion and three penalties; it finished its South Pacific tour with a 3-4 record. Australia's victory followed its 63-6 triumph over Wales in Brisbane last week. *(AFP, AP)*

Johnson Fails in 100-Meter Quest

MONTREAL (Reuters) — Canadian sprinter Ben Johnson failed in his final attempt to qualify for the 100 meters at the world championships next month after another disappointing performance since his return from a two-year suspension for taking steroids.

In a last effort to qualify to defend the world title in Tokyo, Johnson could manage no better than fourth place in the 100-meter final at the Canadian athletics championships Saturday with a time of 10.42 seconds. Bruny Surin won the race in a wind-aided 10.03.

Even if Johnson had met the international qualifying standard of 10.30 seconds needed to race the event at the world championships, the stiff tailwind would have rendered the time unofficial. Johnson will make the trip to Tokyo as part of the Canadian 4X100 relay team.

Tyson Is Accused of Sexual Assault

INDIANAPOLIS (AP) — Mike Tyson, the former heavyweight champion, has been accused of raping a woman at a hotel here last week, the police said, but no charges had been filed in connection with the alleged attack early July 19.

The woman was a contestant in the July 21 Miss Black America pageant, according to officials of the event. Another contestant has said, however, that Tyson was not at the hotel at the time the attack allegedly took place but at a concert. Tyson was in Indianapolis to participate in the opening ceremonies of Indiana Black Expo, an event related to black culture and heritage, officials said.

● George Foreman said Saturday that he had erred in announcing a day earlier that his $100 million lawsuit for breach of contract against Evander Holyfield, his manager and his promoter had been settled. The lawsuit says Foreman had an agreement for a rematch with Holyfield, but Holyfield has signed to defend his heavyweight title against Mike Tyson on Nov. 8.

For the Record

Payne Stewart, the U.S. Open champion, won the Dutch Open on Sunday in Noordwijk by nine strokes with a final round of 70 for a 21-under-par total of 267. *(Reuters)*

Pernell (Sweetpea) Whitaker defended his world lightweight boxing championship Saturday with a unanimous 12-round decision over Poli Diaz of Spain in Norfolk, Virginia. *(AP)*

Mauro Galvano of Italy won his first defense of the World Boxing Council super-middleweight championship on Saturday, defeating Ron Essett of the United States on points in Capo d'Orlando, Sicily. *(Reuters)*

The Argentine midfielder Leonardo Rodriguez and the Yugoslav striker Alen Boksic have agreed to join French soccer champion Olympique Marseille, but will not play for them until next season, the club said Saturday. Rodriguez, the revelation of the Argentine team that won the Copa America last weekend, will probably be lent to a French club this season while Boksic will stay with Hadjuk Split in Yugoslavia. *(AFP)*

Dawson's 2 Home Runs Help Lift Cubs Over the Braves, 6-2

The Associated Press

Andre Dawson homered twice and drove in four runs on Sunday in Chicago to lead the Cubs and Mike Bielecki to a 6-2 victory over the Atlanta Braves.

Dawson, who was hit in the right elbow and had to leave Saturday's game in the first inning, hit a three-run homer in the fourth inning and added a solo shot in the eighth, his 18th of the season. It was Dawson's 34th multihomer game and his first since May 15, 1990, in Atlanta.

Bielecki went seven innings, allowing seven hits. He walked two and struck out two and was helped by some questionable base-running by the Braves. Paul Assenmacher pitched the last two innings for his 11th save.

The Cubs trailed 2-0 when Mark Grace and Ryne Sandberg opened the fourth with singles before Dawson homered over the left-field fence.

Cardinals 3, Reds 2: In St. Louis, Missouri, Craig Wilson's pinch double drove in the tying and go-ahead runs in the seventh inning as St. Louis sent Cincinnati to its 15th loss in 18 games.

Wilson's double came off Norm Charlton who relieved Randy Myers after a single by Bernard Gilkey and a walk to Jose Oquendo. Wilson is hitting .409, 9-for-22, with nine runs batted in as a pinch hitter this season.

In games played Saturday:

Cubs 7, Braves 5: Ryne Sandberg drove in five runs with a pair of homers, including an inside-the-park shot, to power the home team to victory.

Sandberg hit his inside-the-park homer with two on in the first inning off John Smoltz. It was a deep fly down the left-field line that got by a diving Lonnie Smith. The ball rolled to the wall as Sandberg scored behind Chico Walker and Mark Grace.

Sandberg made it 5-0 in the third with his 16th homer this season after Grace walked.

Giants 3, Phillies 0: In San Francisco, rookie right-hander Paul McClellan and two relievers combined on a three-hitter as San Francisco earned its season-high seventh straight victory.

Matt Williams and Robby Thompson hit consecutive homers off Danny Cox in the fourth inning to help send Philadelphia to its sixth straight loss. The pair also hit back-to-back homers last week in Montreal.

McClellan, making his first appearance of the season after working in four games last year, blanked the Phillies on two singles over seven innings.

Reds 13, Cardinals 1: Cincinnati used a season-high 20 hits and the first major-league complete game by rookie Kip Gross to beat the home team and snap a five-game losing streak.

The defending World Series champions have won only three of their last 17 games. The loss snapped a four-game winning streak for the Cardinals, who missed a chance to go 10 games over .500 for the first time since 1989.

Pirates 11, Astros 5: In Houston, Jay Bell became the first Pittsburgh shortstop to hit 12 home runs in a season since 1947, going 4-for-5 with two homers and four runs batted in, to lead Pittsburgh.

Bell has hit three home runs in his last two games and is the first Pirate shortstop to have more than 10 home runs since Billy Cox hit 15 in 1947. The club record for a shortstop is 19 by Arky Vaughn in 1935.

Dodgers 7, Expos 0: Bob Ojeda pitched a five-hitter in Los Angeles for his first shutout in almost two years and Alfredo Griffin had four hits as Los Angeles widened its lead in the National League West.

The Dodgers stretched their home winning streak to a season-high seven games with their fifth straight triumph overall. Ojeda extended the pitching staff's consecutive scoreless inning streak to 31 with his 15th shutout in 241 career starts. His previous shutout came with the New York Mets, a 6-0 victory over Philadelphia on Aug. 9, 1989.

The Dodgers, who had had no home runs in their past 34 innings, got homers from Darryl Strawberry and Kal Daniels in the seventh. Strawberry's two-run shot, his 12th, preceded Daniels' 11th homer.

Mets 4, Padres 0: In San Diego, Dwight Gooden pitched four-hit ball for eight innings and Garry Templeton homered against his former team as New York ended its four-game losing streak.

Spain Rallies Past U.S. to Win Federation Cup

The Associated Press

NOTTINGHAM, England — Arantxa Sánchez Vicario won in singles and then teamed with Conchita Martinez to capture the doubles as Spain won its first Federation Cup tennis title Sunday with a 2-1 victory over the United States.

As the crowd chanted "Olé! Olé!" Sánchez Vicario and Martinez rallied to defeat Gigi Fernandez and Zina Garrison, 3-6, 6-1, 6-1, in the deciding match of the best-of-3 series.

The two teams split the singles matches, with Jennifer Capriati defeating Martinez, 4-6, 7-6, 6-1, and Sánchez Vicario stopping Mary Joe Fernandez, 6-3, 6-4.

The American duo became so frustrated in the final match that Gigi Fernandez, ranked No. 1 in the world in doubles, smashed a ball out of the stadium — earning a warning from the umpire — after missing two volleys in the last game.

Martinez finished off the victory with a volley winner between the American players.

Spain, which lost in the 1989 Federation Cup final to the United States, prevented the Americans from winning their third consecutive title. The United States still has a record 14 Federation Cup titles.

Sánchez Vicario put on a heroic performance for Spain, overpowering Mary Joe Fernandez in the singles and then taking control in the doubles.

Sánchez Vicario was all over the court in doubles, smashing winners and exhorting Martinez, an inexperienced doubles player. Sánchez Vicario danced around the court, daring the Americans to hit the ball to her.

In singles, Sánchez Vicario broke Mary Joe Fernandez's serve three straight times at the start of their match and had little trouble winning the first set. She struggled midway through the second set, but broke Fernandez's serve in the ninth game and served out the match.

In the opening match, Martinez controlled the tempo by mixing high-arching moonballs with sharp passing shots to keep Capriati off balance. The two baseliners rallied back and forth until one made a mistake, and for most of the first two sets it was Capriati who erred.

But Capriati recovered to tie the second set at 6-6 and then won a 7-3 tiebreaker. By the end of the 68-minute second set, Martinez was exhausted.

Andrew Wong/Reuter

Jennifer Capriati came from behind against Conchita Martinez to win the first single's match, but it wasn't enough.

Anti-Apartheid Group Quits Pretoria Panel

Compiled by Our Staff From Dispatches

JOHANNESBURG — A hard-line anti-apartheid sports group withdrew on Sunday from the South African Olympic Committee and called for South Africa to be isolated from world competition until apartheid is eradicated.

It was the second blow in two days to the unified stance South African sports leaders had been hoping to achieve before the country's return to world competition.

The South African Council on Sport announced its withdrawal from the Olympic Committee during a weekend meeting of the umbrella organization. For months the council has been at odds with the four other groups that are members of the Olympic Committee.

A council memorandum presented during the meeting urged the other groups to reverse their decision this month supporting the lifting of sports sanctions against South Africa. The memorandum called for sanctions to remain in effect until South African blacks have been granted the right to vote.

Parliament this year abolished apartheid laws, but under the constitution only the white minority may vote in national elections.

On Saturday, two of the three bodies that form the South African Amateur Athletics Association voted against sending a team to the world track and field championships in Tokyo beginning Aug. 24.

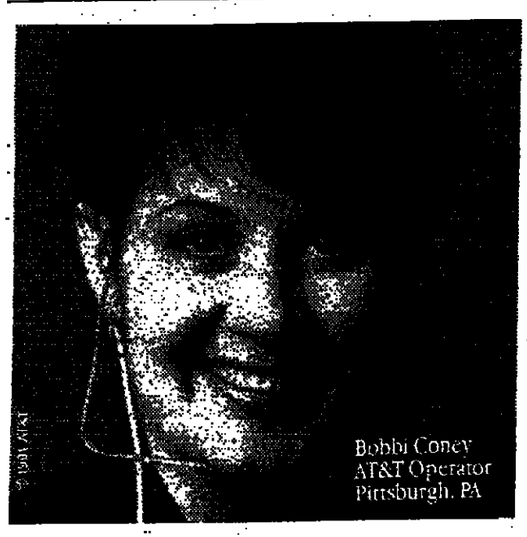
Opponents said apartheid was still active in South African sports and politics.

There was a chance the decision could be reversed, however. The leader of the Amateur Athletics Congress, one of the groups that voted against going to Tokyo, said he would take the matter up again with his organization.

In Rome, the International Amateur Athletics Association said on Sunday that South Africa had not officially replied to its invitation to the world championships.

"The IAAF has still not received an official, written response from the SAAAA to the invitation to participate in Tokyo," the body said in a statement.

South Africa has been barred from world competition in most sports for decades because of apartheid, which ensures white-minority rule. The IOC suspended it from Olympic Competition in 1970 but lifted the suspension this month after the repeal of apartheid laws. *(AP, Reuters)*



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Gourmet Food Where You Least Expect It

International Herald Tribune

LONDON — Military justice is to justice what military music is to music, Clemenceau once said, and a similar analogy could be based on hospital food and food. But hospital food is a subject people

MARY BLUME

don't like to think about, perhaps because it is regarded as part of the necessary suffering most hospital stays involve.

There have always been individual attempts to escape food that is beige, cold and smells of damp dishrags: the pastrami sandwich brought in to supplement cottage cheese and canned pineapple salad in New York, the Italian families who cook sauces at bedside to bring taste to watery pasta. And sometimes, rarely, the hospital kitchen outdoes itself. Right now at Guy's Hospital, founded in the early 18th century and one of Britain's great teaching hospitals, ward patients are getting food that is colorful, hot and smells so good that the dieticians in the office over the kitchen have trouble concentrating when mealtimes roll around.

It is, says the cookery writer Claudia Roden, quite simply a revolution. "It makes you feel like cooking again," says Guy's head chef, Ettore Eligio, who came to Guy's from Claridge's 15 years ago so he would have more time to spend with his children.

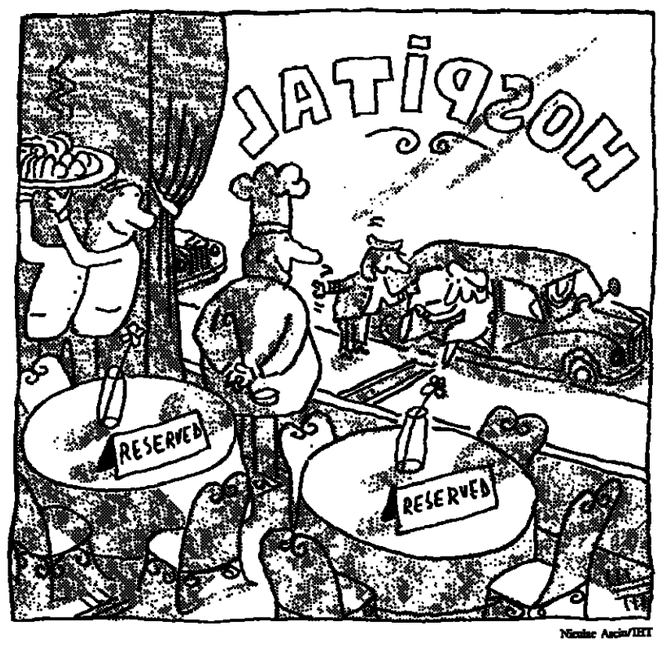
"It's increased the department's prestige. Now everyone knows they are doing something good," says Gary McKenna, general manager of catering services.

For one month Guy's has been serving new menus based on recipes from Roden and other experts and approved by Karen Sorensen, the hospital's nutritionist. Gone are fried fish and chips, in are baked fish with new potatoes which are delicious and do not require peeling, pilaffs and curries and roasts flavored not with brown gravy but with rosemary and garlic. It has all been a triumph except for the garlic.

Eligio has always used garlic but the patients did not know it. Now that they do, they object. Solution: leave in the garlic and remove the word from the descriptions of the dishes on the menus. This has been the chief criticism of the new cuisine.

"Before, they just tried to make the food healthy. We came in trying to make things appealing because if they are not appealing they will be thrown away and won't be healthy. We knew what people like and how to make it taste good," says Roden, who volunteered her services.

The result has been not only patient pleasure but a morale boost to a staff faced by budget cuts and the new burden of self-governance. McKenna says that the new



Nicolas Asfouri/IHT

menus, while based entirely on fresh products, are costing less than the £1.79 he is given to feed a patient a day.

The revolution began when Roden, a multilingual Cairo-born writer and broadcaster who specializes in Middle Eastern and Italian cooking, was elected to the committee of Britain's Guild of Food Writers in 1989. "I said I was a highly paid food writer and I didn't feel I was giving anything back." A campaign for better institutional cooking seemed the answer. "Here we are writing about good food for a small elite and actually the food goes on being the worst in the world, almost."

In partnership with Caroline Waldegrave, principal of Leith's School of Food and Wine and author of "The Healthy Gourmet" (her husband has, embarrassingly, since become the secretary of state for health accountable for hospital cuts), Roden made a tentative start at Guy's Hospital where her brother, Dr. Ellis Douek, is an ear, nose and throat consultant.

"Claudia has made me very popular with the patients," Dr. Douek said over gray lamb and sepia gravy in the hospital's cafeteria which has been untouched by his sister's revolution and which is named after the poet Keats who studied at Guy's in 1815.

The nutrition department was welcoming because they had been wanting to introduce Afro-Caribbean dishes but had no recipes. Roden and Waldegrave set out to test and plan a 14-day menu of 28 different meals, aided by their foodie friends.

Unlike American food writers, Roden says, writers in England are friendly and uncompetitive and soon everyone was helping out. The Chinese cook Yan Kit So supplied a recipe for stir-fried vegetables, the Indian cook Madhur Jaffrey faxed three recipes from New York. Waldegrave gave traditional English recipes for Cumberland sauce and desserts, and Josceline Dimbleby came up with a steamed chocolate pudding that was neither soggy nor costly.

Eligio offered an Italian fish soup, Roden adapted Egyptian recipes and even Karen Sorensen, the dietician who had never visited the kitchen before, gave a recipe for tuna mousse.

Gary McKenna bought pretty china and French trolleys to keep food warm and students at the Royal College of Art are designing new menus. An assistant chef sprinkles dishes with appropriate garnishes as they emerge from the conveyor belt.

"One of the surprises is that people can be so keen where you least expect it," Roden says. Because the English culinary tradition is less strong than the French and Italian, she finds cooks more open to change.

The new menus feature a daily Chef's Choice, which might be Caribbean-style beef stew or roast pork with apple sauce; a vegetarian dish such as gnocchi alla romana; a light dish such as quiche; a choice of salads and a sweet such as pears baked in apple juice with cinnamon and vanilla or old-fashioned bread and butter pudding from a recipe given by the famous Anton Mosimann, late of the Dorchester hotel.

Special diets are available according to medical problems and patients who need snacks can order sandwiches. Vegetables are often pureed to avoid overcooking and each recipe has been evaluated by Sorensen according to guidelines laid down by the government's Committee on Medical Aspects of Food Policy, unfortunately known as COMA.

Animal fats have been cut but the present fad for fiber and low sugar is inappropriate in hospitals, Sorensen says, since recovering patients need more calories and energy-producing sugar.

Highly compartmentalized before, the catering, nutrition and kitchen departments are working as a team and enjoying it. "The thing that worries me is consistency," McKenna says, sounding like a restaurateur. "You're only as good as your last meal."

The new recipes respect traditional British tastes and also reflect the changes that have affected eating at every level from factory canteens to Mayfair restaurants. Tinned soups were replaced by homemade minestrone and chicken soup, brussels sprouts had to be kept but are steamed rather than boiled to extinction, such standbys as jello are made with fresh fruit. No one dared drop baked beans — "that's the sort of thing they can't bear not to have," Roden says — but there are also Greek-style butter beans in tomato sauce.

The new menu is served to the hospital's 800 National Health Service patients and inevitably at the start some of the doubts were based on class: would NHS patients appreciate good cuisine?

"Somebody said it would all be so middle class. We said why shouldn't people eat well because they are working class," Roden said.

Future plans include more dishes, a recipe book for other hospitals to use and, for Roden and Waldegrave, a foray into other gray areas of institutional cooking.

"We got a letter from Holloway prison saying we want to change our food, can you help us?" Roden said. "I said we will as soon as we've finished helping Guy's."

LANGUAGE

The Ins and Outs of Prepositions

By William Safire

WASHINGTON — "When did *in* go out?" wonders Mark Burde of St. Louis. He spotted a line in an unusually prescient foreign-affairs column ridiculing the simple-minded view that once Saddam Hussein saw we were serious, "he will cave." Not *cave in*, just *cave*.

Similarly, a CNN report warned that "troops may be pulled"; not *pulled out*, just *pulled*.

Burde adds: "I read a piece by a junior reporter in which he wrote that 'the press didn't *show*,' meaning it didn't *show up*. Prepositions are disappearing. Do you droppers realize this? Should we noticers care?"

Another charter member of the Gotcha! Gang, Preppy Unit, is Ernest Dzendolet of Amherst, Massachusetts. He spotted the clipping of the preposition *off* in my fulmination about calling Saddam "Mr." Hussein, as in "Behind the scenes, I fought using the honorific" and asks, "Is *honorific* a special weapon, resembling an ax?" O.K.; it might have been less ambiguous to write, "I fought off using the honorific."

Why is *in* out, *up* down, and *off* not on? (Although these words are used adverbially — to modify a verb — I see them primarily as prepositions.)

I turned to Allan Metcalf of the American Dialect Society, who offers a soothing: "A purist never lacks something to complain about. *Show up* can be — has been — stigmatized as a colloquialism, at least for the better part of this century. But take away the supposedly unnecessary *up* and just say *They showed*, and you promptly have 'a sad casualism,' in the 1965 words of The New York Times's Theodore Bernstein."

After consulting a secret usage adviser (my thumb, fount of much practical wisdom), I have decided to go with the purists who require *up* after *show* when the meaning is "appear." The preposition pins down the meaning; you would not say *he fouled* when you meant *he fouled up*. When we say *she showed* (I use the feminine here, as many jurists do, to assert anti-sexist correctness), we may mean *she showed up*, but we may also mean "she finished third in the race."

This keep-*up* decision must be made case by case. *Cave*, for example, like *fold*, needs no preposition once we extend the metaphor beyond the pressure of soil on the hole it surrounds.

He caved, without the following *in*, meaning "he collapsed" or "the coward abandoned the rampart," is not likely to be taken to mean "he entered the cave and became a hermit."

Nor does *fold* without its *up* invite ambiguity; indeed, the poker player who tossed in his cards with "I fold *up*" would be taken by his companions to be an undercover federal agent who has not fully learned the gambling patois, and it's Big Julie-bar-the-door.

The guide (and if you want to get prescriptive, the rule) is: When the preposition narrows the meaning and thereby avoids confusion, use it (as in *pulled out*); when the preposition is a useless appendage, clip it. I'll show up, but I'm not caving.

□

Justice Thurgood Marshall, in the news conference he held after announcing his retirement, sent a stylistic tremor through copy desks everywhere.

Asked whether the state of "black people" had improved during his 24-year Supreme Court tenure, he replied: "In the first place, I am not a *black people*. I am an *Afro-American*. Now, do you want to talk about *Afro-Americans?*"

A New York Times reporter, Neil A. Lewis, observed: "Justice Marshall has long avoided using the term *black*, preferring *Negro* or, more recently, *Afro-American*."

Jesse Jackson has been pressing the appellation *African-American*, which has been catching on in the black community more than *Afro-American*; however, the studied rejection of *black* by the former chief counsel of the NAACP Legal Defense Fund at a much-publicized event made *African-American* the designation of choice among most journalistic style makers.

But there's a problem, which has more to do with space than race: the longer form does not lend itself to headlines. *Black leaders* fits; *African-American lead-ers* crowds the verb off the page, or costs precious milliseconds of network time. For this reason, we can expect *black* to remain the description in the second reference, as in "Justice Marshall, an 82-year-old African-American, told other black leaders and the NAACP membership that . . ."

The National Association for the Advancement of Colored People is not going to change its name, despite the current treatment of *colored person* as old-fashioned (though *person of color* is up-to-date); that's because the NAACP's initials are more familiar than its full name, and many people cannot recall what the second "A" stands for, anyway. (Same thing for the "C" for *Congress* in AFL-CIO.)

Thus we have come from *blacks* to *colored people* and *Negroes* (a first *negro*, later *Negro*), then back to *blacks* — "black power" and "black is beautiful" were slogans of the 1960s — and now to *Afro-* and *African-Americans*.

The purpose of the current self-description may be to emphasize geographical rather than racial roots, stressing a similarity of overseas heritage with other immigrants to America. Moreover, it gets the word *American* right there in the name, as *Irish-Americans* and *Italian-Americans* do.

At the turn of the 20th century, *hyphenated American* was a term of contempt used by nativists to demean the allegiance of immigrants; now such hyphenation is sought after.

I'm for going along with calling people what they prefer, provided the designation does not mislead or confuse.

Native American, adopted by many American Indians, causes semantic difficulty because all citizens born here are native Americans, as against naturalized Americans; indeed, *nativism* means "immigrant-baiting," directly derived from the 19th-century Native American Party, official name of the secretive Know-Nothings.

You can't call an American Indian an *Indian-American*, because that refers to an immigrant from India; the accurate term for the descendant of tribespeople here before the Europeans arrived is *aboriginal American*, unhyphenated, meaning "here first," but neither that nor its hyphenated shortening, *Abo-American*, is catching on.

American Indian remains a proud and dignified term, as does *black American*, but both may be relegated to second-reference status in coming years. Or perhaps not; in the lexicon of self-identification, usage calls the shots.

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PERSONALS

To M, who brightens my days with love and laughter, I feel so admit and sad without you here now. May we meet in dreams. May this secret warm our hearts. I love you so.

ANNOUNCEMENTS

TO OUR READERS VISITING FROM THE U.S.A.

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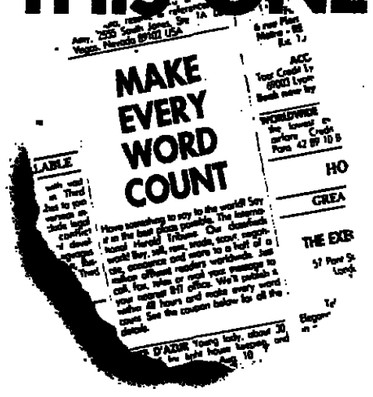

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The Global Newspaper

31/91

Bush, in Moscow, Looks to New Era

Cold War Over, Summit to Focus on Soviet Needs

By R.W. Apple Jr.

...SUMMIT, Page 2

Kiosk

U.S. Schedules Arms to Saudis

WASHINGTON (Reuters) — The United States plans to sell $15.5 billion in weapons to Saudi Arabia, the Defense Department said Monday.

The sale, which would be unofficial in 30 days unless rejected by Congress, includes laser-guided bombs, 2,000 500-lb bombs, 2,100 "cluster" bombs and 770 Arm-7M Sparrow air-to-air missiles.

Washington has in recent weeks announced plans to sell about $8.2 billion in weapons to Saudi Arabia, Turkey, Egypt, Oman and Morocco.

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General News

Charles and Diana, 10 years on: A fairy tale becomes a cautionary tale. Page 5.

Business/Finance

British stocks, bolstered by signs of economic recovery, hit record highs. Page 7.

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